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FURTHER CORRESPONDENCE

RESPECTING

P E R S I A

PART XXXI

JULY TO DECEMBER 1931

TABLE OF CONTENTS.

No. and Name.	Date	SUBJECT.	Page.
1 Acting High Commissioner, Bagdad, to Colonial Office No. 289. Tel.	1931 June 30	Construction of Persian post in Iraqi territory ... Gives details regarding construction of a fortified Persian post in Iraqi territory, and action which, on his advice, Iraqi authorities propose to take	1
2 Acting High Commissioner, Bagdad, to Colonial Office No. 293. Tel.	July 2	Construction of Persian post in Iraqi territory ... Refers to No. 1. Says that air reconnaissance has conclusively proved fort to be in Iraqi territory. King Faisal has made a special appeal to Persian Minister, who promised to expedite investigation	1
3 Department of Overseas Trade	" 2	Negotiations with Swedish railway manufacturers ... Transmits copy of despatch from Mr. Glenney, Stockholm, regarding the purchase of railway material in Sweden by the Persian Government Commission. Gives details of agreement reached for delivery of Persian produce in exchange	2
4 To Sir R. Clive ... No. 403. Tel.	" 3	Construction of Persian post in Iraqi territory ... Refers to Nos. 1 and 2. Instructs Sir R. Clive to keep in touch with his Iraqi colleague and, if necessary, support his representations orally	3
5 Colonial Office to Acting High Commissioner, Bagdad No. 216. Tel.	" 4	Construction of Persian post in Iraqi territory ... Refers to Nos. 1 and 2. Criticises Iraqi Government's proposed measures of retaliation in Bagdad press and opposes suggestion for forcible ejection of Persian police. Incident may be due to a misunderstanding, and diplomatic pressure should be maintained at Bagdad and Tehran	3
6 Sir R. Clive ... No. 146. Tel.	" 7	Construction of Persian post in Iraqi territory ... Minister of Court admitted in conversation that there had been a misunderstanding, and said he had sent orders to withdraw post	4
7 Mr. Dodd ... No. 148. Tel.	" 9	Trade Monopoly Laws ... Lord Parmoor's statement in House of Lords on Persian Trade Monopoly Law resulted in an inspired article in the "Iran" complaining of interference in internal affairs. Letter from Sir R. Clive to editor of the "Iran" explaining the treaty position gave rise to long statement by Feroughi to Majlis	4
8 Sir R. Clive ... No. 329	June 25	Future of the Persian navy ... Encloses (1) Minute by oriental secretary on a conversation with Commandante del Prato, and (2) despatch from Acting Resident at Bushire giving his views on problems which arrival of Persian warships will create	5
9 Sir R. Clive ... No. 332. Conf.	" 26	General state of Anglo-Persian relations ... Reviews changes which have occurred during whole course of his mission to Persia from 1926 to 1931. Role of Teymourache. Effects of the new nationalism. General course of the negotiations for a general treaty. Economic effects of the Gold Standard Law and of the exchange legislation. Financial drain of the trunk railway scheme. Prevalence of corruption. Disregard of foreign advisers. Growth of xenophobia	7

TABLE OF CONTENTS.

iii

No. and Name.	Date.	SUBJECT.	Page.
10 Sir R. Clive ... No. 336	1931 June 27	Persian navy ... Reports that Majlis has passed a Bill sanctioning payment by instalments for the warships ordered in Italy	13
11 Sir R. Clive ... No. 341	" 27	South Persian air route... Reports on visit of Mr. Travers, a representative of Imperial Airways, to Persia to examine the central Persian air route proposed by the Persian Government. Route was found impracticable. Urges that as further extensions of the Imperial Airways permit are improbable, investigation of Arab coast route should be continued	14
12 Sir R. Clive ... No. 343. Conf.	" 28	General and commercial treaty negotiations ... Refers to No. 9. Reviews more particularly the course of the negotiations for the general and commercial treaties respectively, and considers how far His Majesty's Government would be inconvenienced by failure to conclude general treaty. Persian Government are unlikely to make definite demand for withdrawal from Henjam. Discusses possible methods of retaliation if they did	15
13 Sir R. Clive ... No. 344	" 30	Reorganisation of Persian Cabinet ... Reports recent Persian legislation abolishing Ministry of National Economies and creating in its place three under-secretaryships directly responsible to the Council of Ministers. Ostensible and real reasons for this change. Confusion in the new departments has already become indescribable	16
14 Sir R. Clive ... No. 350	July 1	Transmits military attaché's Intelligence Summary for period ending 1st July	17
15 Mr. Dodd ... No. 149. Tel.	" 13	General treaty and Duzdap Railway ... Reports on interviews with head of English section and, later, with Feroughi regarding possibility of reopening Duzdap Railway. Feroughi complained of inconvenience caused by its closure and adopted somewhat blustering attitude. Jelal had remarked that the Tamb lease alone stood in the way of a general treaty settlement, but Feroughi said he had given no authority to discuss this question	18
16 Mr. Dodd ... No. 150. Tel.	" 13	General treaty and Duzdap Railway ... Refers to No. 15. Comments on motives revealed by these interviews and suggests possibility of, e.g., a settlement of the Henjam Protocol as price of reopening of Duzdap Railway	19
17 Sir R. Clive ... No. 353	" 4	Anglo-Persian relations ... Reports on his farewell audience with the Shah. Teymourache acted as interpreter and audience was in many ways unsatisfactory. His Majesty was evidently unaware of Sir R. Clive's attempts to reopen treaty negotiations since his return in March	20
18 Sir R. Clive ... No. 354. Conf.	" 5	Anglo-Persian relations ... Reports on farewell visit to Teymourache. The Minister of Court attempted to refute charge of fostering anti-British attitude, and to demonstrate the legality of the trade monopoly laws. He declared that unless His Majesty's Government were prepared to make very considerable concessions a general treaty was out of the question	21

No. and Name.	Date	SUBJECT.	Page.
19 Sir R. Clive ... No. 355	1931 July 6	Flogging of a British Indian subject at Charbar ... Transmits copy of a highly unsatisfactory reply from the Ministry for Foreign Affairs, together with draft of a further energetic protest. Considers this incident, which exemplifies the high-handed and irresponsible attitude of the Persian military, should be taken up as a test case	23
20 Mr. Dodd ... No. 155. Tel.	" 20	Trade Monopoly Law ... Reports conversation with German Minister, who repeated certain statements made to him in confidence by Minister of Court regarding the Trade Monopoly Law. Enquires what attitude to adopt if Persian Government approach him directly with offer to abolish Monopoly Law in exchange for modification of Tariff Autonomy Treaty	26
21 Earl Granville ... No. 568	" 15	Engagement of Belgian financial experts for the Persian Government ... Gives details regarding the experts chosen and transmits copies of article in the "Matin" of Antwerp reproducing interview with the members of the mission	27
22 To Sir R. Clive ... No. 118. Tel.	" 22	Flogging of a British Indian at Charbar ... Refers to No. 19. Concurs in action proposed	27
23 India Office ...	" 22	Treatment of Bahreinis in Persia ... Transmits copies of a despatch on this subject addressed by the Political Resident at Bushire to the Government of India	27
24 Sir R. Clive ... No. 367	" 6	Duzdap Railway ... Transmits copies of an extract from the Meshed consular diary for period ending 30th June and of a note from the Persian Ministry for Foreign Affairs indicating that certain food-stuffs for the employees of the railway may be imported without any undertaking to export goods to the equivalent value	30
25 Sir R. Clive ... No. 361	" 8	Anglo-Persian relations ... Transmits copy of Minister of Court's letter of 11th June. This letter, which is of great length, endeavours to justify attitude of Persian Government towards question of Anglo-Persian relations in general and treaty negotiations in particular	32
26 Mr. Dodd ... No. 365	" 13	Treatment of Imperial Bank of Persia in the matter of exporters' exchange ... Reports unsatisfactory conversation between Sir R. Clive and head of English section of Ministry for Foreign Affairs on this subject, and transmits copies of recent correspondence with Feroughi and Mr. Wilkinson	41
27 Mr. Dodd ... No. 367	" 15	Parliamentary question regarding Anglo-Persian relations ... Reports violent repercussions in Tehran press. Lord Parmoor's studiously correct language characterised as unwarrantable interference in Persian domestic affairs. Mr. Dodd has sent a <i>démenti</i> to the editor of the "Iran"	43
28 Mr. Dodd ... No. 369	" 15	Perso-Turkish relations and the Ararat campaign ... Transmits copy of a leading article in the "Iran" recording interview with the principal Persian officer on the Perso-Turkish Frontier Security Commission. Also transmits copies of certain reports from His Majesty's consul at Tabriz, which indicate a very different state of affairs	45

No. and Name.	Date.	SUBJECT.	Page.
29 Mr. Dodd ... No. 374	1931 July 15	Trade Monopoly Laws ... Transmits copy of despatch from commercial secretary to Department of Overseas Trade on this subject. Enclosure discusses possibility of repeal of trade monopoly regulations on departure of Teymourache for Europe	46
30 Mr. Dodd ... No. 376. Secret	" 15	Transmits military attaché's Intelligence Summary for period ending 15th July (compiled by oriental secretary in absence of military attaché)	48
31 Mr. Dodd ... No. 378	" 15	Visits of British warships to Persian ports ... Transmits copies of correspondence with the Minister for Foreign Affairs regarding the provisional arrangement by which His Majesty's ships stationed in the Persian Gulf may call at Persian ports by simple notification to the local authorities	50
32 India Office ...	" 28	Persian navy ... Transmits minutes of Interdepartmental Conference held on 20th July regarding the purchase of gunboats and patrol vessels in Italy by the Persian Government. The conference discussed the possibility of visits by Persian warships to Arab ports	51
33 To Mr. Lascelles ... No. 124. Tel.	" 30	Treatment of Imperial Bank of Persia in matter of exporters' exchange ... Refers to No. 26. It had been supposed from previous reports that whole question had been settled two months before. Matter should be taken up urgently with the Persian Government	54
34 To Mr. Lascelles ... No. 125. Tel.	" 30	Persian Trade Monopoly Laws ... Refers to No. 20. If approached directly, non-committal attitude should be adopted. Approves general sense of proposed reply subject to certain reservations	54
35 To Mr. Lascelles ... Nos. 126 and 127. Tel.	" 31	General treaty and Duzdap Railway ... Refers to No. 16. States that His Majesty's Government consider it preferable to seek an extension of the Airways permit rather than a Henjam lease as price of reopening of railway. Persian Government should be approached accordingly	54
36 Mr. Lascelles ... No. 168. Tel.	" 31	Trade Monopoly Laws ... Refers to No. 34. Reports further enquiries by German Minister on the same subject, and discusses probable reason for Count Schulenburg's anxiety	55
37 Mr. Lascelles ... No. 170. Tel. (Parts I and II)	Aug. 2	General treaty negotiations, telegraphs agreement, Duzdap Railway, &c. ... Reports substance of an interview with Minister for Foreign Affairs, at which these questions were discussed	55
38 Sir R. Graham ... (Rome) No. 570	July 31	Persian navy ... Transmits a copy of a report from the naval attaché regarding the construction of the Persian ships	57
39 To Mr. Lascelles ... No. 129. Tel.	Aug. 4	Persian pre-war debt ... Describes representations by Persian Chargé d'Affaires in London, who stated that his Government now desire to repay the entire £490,000 as soon as possible; and gives text of note to be addressed to Persian Government accepting this offer	58

No. and Name.	Date.	SUBJECT.	Page.
40 Mr. Dodd ... No. 386	1931 July 23	Persian navy ... Transmits copies of Bushire despatches of 26th May and 17th June on this subject, and suggests that to forestall undesirable possibilities a warning should be conveyed to the Persians and copies of it communicated to League of Nations	58
41 Mr. Lascelles... No. 389	" 26	Belgian financial experts ... Reports arrival of three of them and reasons for non-arrival of the fourth	64
42 Mr. Lascelles... No. 401	" 29	South Persian air route ... Reports conversation with French Minister, who had attempted without success to secure an extension for Air Union. M. Maugras had apparently heard of the proposal to transfer the route to the Arab coast, and probably wished to find out more	64
43 Mr. Lascelles... No. 406. Secret	" 29	Transmits military attaché's Intelligence Summary for period ending 29th July ...	64
44 Mr. Dodd ... Nos. 177 and 178. Tel.	Aug. 12	Treatment of Imperial Bank of Persia in matter of exporters' exchange ... Refers to No. 37. Minister of Finance has protested to manager of bank regarding alleged misleading references in speech of chairman at annual meeting. Bank's position will soon be improved for purposes of bargaining by fact that they will be asked to postpone withdrawal of their notes	67
45 Mr. Dodd ... No. 179. Tel.	" 12	Persian pre-war debt ... Refers to No. 39. Persian Government have now discovered that repayment could not be effected at once. He suggests transfer of locked deposits to the name of His Majesty's Government	67
46 Mr. Dodd ... No. 180. Tel.	" 12	Persian pre-war debt ... Persian Government's motives are probably (1) to stop paying high rate of interest, (2) to show their financial stability, and (3) to prepare for contraction of fresh loan on unmerited credit. Proposes to reply rejecting offer	67
47 To Mr. Dodd... No. 184. Tel.	" 13	Treatment of Imperial Bank of Persia in matter of exporters' exchange ... Refers to No. 44. Official remonstrance should be addressed to the Persian Government as proposed unless it seems likely that the settlement half promised by Minister for Foreign Affairs will shortly be achieved	68
48 Mr. Dodd ... No. 183. Tel.	" 18	Treatment of Imperial Bank of Persia in matter of exporters' exchange ... Bank have been asked to postpone withdrawal of their notes till 20th March and manager is against formal remonstrance for tactical reasons	68
49 Mr. Lascelles... No. 413	July 31	State of justice in Persia ... Transmits text of a law laying down punishments to be inflicted on venal officials of Department of Justice, and comments unfavourably on state of universal corruption prevailing, which this law will do nothing to check	68
50 Mr. Dodd ... No. 416	Aug. 5	Persian pre-war debt ... Transmits copy of note addressed to Persian Government in accordance with the instructions in No. 39	71

No. and Name.	Date.	SUBJECT.	Page.
51 Mr. Dodd ... No. 422	1931 Aug. 10	Manumission of slaves at Henjam ... Transmits copies of correspondence exchanged with the Ministry for Foreign Affairs on this subject, viz., a protest by the Ministry that the slaves should have taken refuge in a British warship and an explanation by the Legation of their reasons for having done so	72
52 Mr. Dodd ... No. 423	" 10	South Persian air route ... Refers to No. 42. Reports further conversation with French Minister and discusses question of possibility of claiming most-favoured-nation treatment in the event of the French and Dutch air lines securing an extension. Asks for the considered opinion of His Majesty's Government on this point	73
53 Mr. Dodd ... No. 429. Conf.	" 10	Trade Monopoly Laws ... Transmits copy of commercial secretary's despatch No. 139 to Department of Overseas Trade on this subject	74
54 Mr. Dodd ... No. 430	" 12	Treatment of Imperial Bank of Persia in matter of exporters' exchange ... Refers to No. 44. Transmits text of Minister of Finance's letter of protest, and describes conversations with acting manager as to nature of reply. Also transmits copy of draft reply, which, however, was never sent	76
55 Mr. Dodd ... No. 433. Secret	" 12	Transmits military attaché's Intelligence Summary for period ended 12th August...	78
56 To Mr. Dodd... No. 135. Tel.	" 21	Persian pre-war debt ... Refers to Nos. 45 and 46. It is not advisable that His Majesty's Government should take the initiative in suggesting postponement of repayment. The Persian Government should be invited orally to put forward official written proposals	80
57 Mr. Dodd ... Nos. 187 and 188. Tel.	" 23	Persian pre-war debt ... Refers to No. 56. Has spoken to Minister for Foreign Affairs in sense of his instructions, reminding him that pre-war debt was only part of the £2 million outstanding. The reply, which was to the effect that the Persian Government intended to bargain about the balance in the course of the treaty negotiations, appeared to confirm Sir R. Clive's misgivings	81
58 Mr. Dodd ... No. 192. Tel.	" 26	Persian pre-war debt ... Refers to No. 57. Gives summary of written proposals now received from Persian Government and requests instructions	81
59 To Mr. Dodd... No. 493	" 27	Trade Monopoly Laws ... Sets forth the considered views of His Majesty's Government regarding the incompatibility of the Trade Monopoly Laws with the Tariff Autonomy Treaty, and states that every opportunity should be taken of impressing these views orally on the Persian Government	82
60 Mr. Dodd ... No. 194. Tel.	" 29	Persian pre-war debt ... Refers to No. 58. A note has now been received from the Ministry for Foreign Affairs stating that "for certain reasons connected with current affairs" the Persian Government have changed their minds and no longer propose for the present to repay the debt	84

No. and Name.	Date.	SUBJECT.	Page.
61 To Mr. Dodd... No. 499. Conf.	1931 Sept. 2	Anti-slave measures in Gulf ... Transmits copy of revised instructions to His Majesty's ships in the Gulf regarding the search for arms and slaves	85
62 Mr. Dodd ... No. 451	Aug. 21	Visit of Teymourtache to Europe and schooling of Persian Crown Prince ... Reports that Minister of Court is leaving via Russia for Switzerland with the Vali-Ahd, who is to go to school at Lausanne. Teymourtache intended to visit England among other European countries	87
63 Mr. Dodd ... No. 452	" 25	Parliamentary question regarding Anglo-Persian relations ... Refers to No. 27. Summarises two articles in the "Iran" criticising Lord Parmoor and the "Near East" and giving a tendentious account of the origins of the Trade Monopoly Law. In one of these articles there is the express admission that the Monopoly Law was designed to circumvent the Tariff Autonomy Treaty of 1928	87
64 Mr. Dodd ... No. 453	" 25	Conditions at Persian quarantine posts ... Transmits copy of a despatch from His Majesty's vice-consul at Resht describing the horrors of the quarantine station at Qasr-i-Shirin	88
65 Mr. Dodd ... No. 455	" 25	Junkers air service ... Describes the difficulties experienced by Junkers in dealing with the Persian Government and discusses the possibility of the company being supplanted by a French or Italian concern	90
66 Mr. Dodd ... No. 457	" 25	Conditions of life at posts abroad ... Transmits a memorandum on living conditions at Tehran	93
67 Mr. Dodd ... No. 460	" 25	Affairs of National Bank ... Transmits copy of balance-sheet for year ending 21st March, 1931, and comments thereon. Reports on the growing unpopularity of Dr. Lindenblatt	97
68 Mr. Dodd ... No. 461	" 25	Perso-Soviet commercial relations ... Reports on the progress of the negotiations for the Perso-Soviet Commercial Treaty and transmits copies of correspondence with the Minister for Foreign Affairs regarding the bearing of the proposed treaty on British most-favoured-nation rights. The Minister for Foreign Affairs' reply is not conclusive	98
69 Mr. Dodd ... No. 463	" 25	Treatment of Imperial Bank of Persia ... Refers to No. 48. Recounts progress of Mr. Butters's negotiations with the Persian Government. Teymourtache promised to settle the question of exporters' exchange before he left for Europe	100
70 Mr. Dodd ... No. 464	" 25	South Persian air route... Reports further conversations with Dutch and French Ministers. Neither has been successful in securing promise of extension beyond that of Imperial Airways. Both were told of the attempt to barter an extension for the reopening of Duzdap Railway. That attempt appeared, however, to have failed	101

No. and Name.	Date.	SUBJECT.	Page.
71 Mr. Dodd ... No. 466	1931 Aug. 26	Persian pre-war debt ... Transmits copy of a note dated 23rd August from the Minister for Foreign Affairs putting forward concrete proposals of Persian Government for repayment	102
72 Mr. Dodd ... No. 468. Secret	" 26	Transmits military attaché's Intelligence Summary for period ending 20th August ...	103
73 To Mr. Dodd... No. 512. Secret	Sept. 7	Position at Henjam ... Transmits copy of minutes of meeting of Middle East Sub-Committee held on 18th August to consider the position at Henjam and the possibility of the transfer of the depot to Bahrein. Concludes that British position is extremely vulnerable; that Persians are likely to grow less rather than more accommodating after arrival of Persian navy; and that there is thus much to be said for immediate voluntary transfer. Requests observations on these conclusions	105
74 Mr. Dodd ... No. 199. Tel.	" 7	Perso-Soviet Commercial Treaty ... Reports principal features of this treaty, as ascertained through French Minister, and substance of an interview with Minister for Foreign Affairs, in which Feroughi, vigorously taken to task for apparent Persian willingness to accord specially favourable treatment to Russia, defended himself with the usual vague excuses and assurances	106
75 Mr. Harvey ... No. 426 (Athens)	Aug. 28	Perso-Greek relations ... Transmits text of Perso-Greek Treaties of Friendship, Commerce and Navigation concluded in London in January	107
76 Mr. Dodd ... No. 473	" 29	Persian pre-war debt ... Transmits text of the Persian note announcing that it is no longer the intention of the Persian Government to repay this debt immediately (cf. No. 60)	115
77 Mr. Dodd ... No. 204. Tel.	Sept. 15	Treatment of Imperial Bank of Persia in the matter of exporters' exchange ... Ministry of Finance has at last agreed to accord the same privilege as that accorded to National Bank	115
78 Mr. Dodd ... No. 477	" 7	Persian pre-war debt ... Refers to No. 76. Has enquired of Persian Government the reason for their change of mind. Minister of Finance said that "when His Majesty's Government began to hesitate, Persian Government began to hesitate too." Faiz was apparently the originator of the scheme. Great shrinkage of Anglo-Persian Oil Company's sales of sterling in Persia may have contributed to change of mind	115
79 Mr. Dodd ... No. 478	" 7	Sheikh of Mohammerah ... Reports substance of an agreement, at last drawn up between the sheikh and the Persian Government, which defines the basis of a settlement	117
80 Mr. Dodd ... No. 481	" 9	Persian currency questions ... Teymourtache is reported to be arranging for the establishment of a Currency Board in London during his visit to England	120

No. and Name.	Date.	SUBJECT.	Page.
81 Mr. Dodd No. 483	1931 Sept. 9	Perso-Soviet commercial relations ... Develops the information already given in his telegram of 7th September (No. 74). Recent information throws doubt on Feroughi's assurance that the Russians would be guaranteed no more than their imports for recent years, i.e., 30-35 per cent. of the Persian import trade	120
82 Mr. Dodd No. 487. Secret	" 9	Transmits military attaché's Intelligence Summary for period ending 9th September	122
83 Mr. Dodd No. 488	" 8	Movements of Shah, Teymourache and Crown Prince ... Refers to No. 62. Crown Prince left for Switzerland accompanied by Teymourache on 5th September. The Shah will make a tour through North and North-West Persia	124
84 Mr. Dodd No. 494	" 9	Treatment of Bahrein in Persia ... Is not in favour of the measures of retaliation against Persians in Bahrein which the Political Resident has proposed. Proposal is not entirely logical in view of <i>status quo</i> arrangements, and there are reasons for keeping the jurisdiction over foreigners resident at Bahrein in the hands of the Political Agent. Retaliation might give rise to serious difficulties elsewhere in the Gulf	124
85 To Mr. Dodd... No. 543. Very Conf.	" 21	South Persian air route and most-favoured-nation rights ... Replies to No. 52. Discusses possibility of claiming most-favoured-nation treatment in event of French or Dutch air lines securing an extension. Position is by no means clear-cut, and much depends on form in which the question eventually arises	126
86 Mr. Dodd No. 209. Tel.	" 21	Duzdap Railway ... Semi-official letter has been received from Feroughi accepting tenor of terms laid down by Sir R. Clive in October 1930 for a final settlement of the railway question and suggesting that agreement should come into force on 1st October	127
87 Mr. Dodd No. 210. Tel.	" 21	Duzdap Railway ... Refers to No. 86. Is definitely against acceptance of Feroughi's offer. Observations follow by bag	128
88 To Mr. Dodd... No. 148. Tel.	" 25	Trade Monopoly Law and Perso-Soviet Agreement ... Since Russians are clearly being granted important special privileges regardless of right of His Majesty's Government to unconditional most-favoured-nation treatment, an official note should be addressed to the Persian Government warning them that His Majesty's Government are entitled to claim identical privileges for British traders	128
89 To Mr. Dodd... No. 153. Tel.	" 28	Duzdap Railway ... Refers to No. 87. Despatch containing observations will be awaited	128
90 Mr. Dodd Nos. 215 and 216. Tel.	" 29	Trade Monopoly Laws ... Gives details of certain proposals of commercial secretary which have been approved by heads of local British institutions, and enquires whether official negotiations with Persian Government may be initiated urgently on these lines	129

No. and Name.	Date.	SUBJECT.	Page.
91 Mr. Dodd Nos. 217 and 218. Tel.	1931 Sept. 29	Trade Monopoly Law ... Refers to No. 88. Proposes to defer sending formal note to Persian Government until Foreign Office have had time to consider his despatch of 22nd September and telegrams Nos. 215 and 216 (No. 90). Persian Government would resent formal protest at this stage, and commercial secretary's suggestions, if adopted, would reduce favoured position of Russia considerably	129
92 Mr. Dodd No. 220. Tel.	" 30	Trade Monopoly Law ... Refers to No. 91. Director of Commerce stated that commercial secretary's proposals would be accepted without difficulty if principle of balance of trade were respected	130
93 Mr. Dodd No. 514	" 21	Flying of flags in Persia... Transmits, with comments, note from Minister for Foreign Affairs regarding flying of flags in Persia. Discusses position as regards His Majesty's Legation and consular establishments and asks for instructions	130
94 Mr. Dodd No. 517	" 21	Condition of quarantine service in Persia ... Transmits copy of a memorandum on the Qasr-i-Shirin station by Mr. Busk, showing that there has been a temporary improvement there; suggests that for the present the Persian delegate on the Permanent Committee of Hygiene should not be approached	133
95 Mr. Dodd No. 521	" 21	Railway construction ... Majlis on 18th August authorised the Government to engage sixty-seven foreign engineers to complete the railway between Shahpur and Dizful and the survey northwards from there. The engineers will probably be mostly Swedes	135
96 Mr. Dodd No. 522	" 21	Duzdap Railway ... Refers to Nos. 86 and 87. Transmits copy of the note there referred to, discusses the text of the drafts proposed by Feroughi, and develops his reasons for thinking that His Majesty's Government should decline the offer	135
97 Mr. Dodd No. 523. Secret	" 22	Position at Henjam ... Discusses the likelihood of an official demand for our evacuation or a campaign of pinpricks designed to bring about withdrawal. Concludes that it would be unwise to count on reaching a satisfactory treaty settlement at Henjam and that the preparation of an alternative site is an urgent necessity	138
98 Mr. Dodd No. 526. Conf.	" 23	Treatment of Imperial Bank of Persia under Monopoly Laws ... Refers to No. 77. Transmits copy of letter there referred to from Minister of Finance. Mr. Butters deserves great credit for having brought about this result	141
99 Mr. Dodd No. 533. Secret	" 23	Transmits military attaché's Intelligence Summary for period ended 23rd September	142
100 Mr. Dodd No. 534	" 22	Perso-Soviet Commercial Treaty ... Reports certain hitches which have occurred in negotiating this treaty and recounts substance of a conversation with head of English section on the subject of the British right to most-favoured-nation treatment. Transmits a memorandum by commercial secretary on the same subject	144

No. and Name.	Date.	SUBJECT.	Page.
101 To Mr. Dodd... No. 583	1931 Oct. 8	Imperial Airways Transmits memorandum prepared by Imperial Airways showing why the Central Persian route proposed by the Persian Government is impracticable. This may be communicated officially to the Persian Government	149
102 To Mr. Dodd... No. 596	" 15	Turco-Persian frontier Transmits copy of a note from the Turkish Minister for Foreign Affairs to Persian Minister at Angora giving the terms of the frontier agreement	151
103 Mr. Dodd No. 552	" 6	Flying of flags in Persia... Transmits, with reference to No. 93, copy of a circular memorandum from Minister for Foreign Affairs to all missions in Tehran laying down regulations to be followed in this connexion	153
104 Mr. Dodd No. 555	" 6	Flying of flags in Persia... Refers to Foreign Office despatch No. 525 of 15th September. Gives various reasons for anticipating that Persian Government would not be swayed by the arguments contained therein. Discusses bearing of this question on the flying of flags by stations of Imperial and International Communications Company in the Gulf	154
105 Mr. Dodd No. 557. Secret	" 7	Transmits military attaché's Intelligence Summary for period ended 7th October	156
106 Mr. Dodd No. 561	" 7	Exchange Control Laws Reports on the situation created in Persia by His Majesty's Government's abandonment of gold standard, and encloses a specimen of recriminatory comment by the "Iran"	158
107 To Mr. Dodd... No. 158. Tel.	" 16	Trade Monopoly Law Refers to No. 91. Agrees that formal representations regarding unconditional most-favoured-nation treatment may be postponed provided nothing is said implying abandonment of principle, and authorises initiation of negotiations on the lines proposed	159
108 Sir H. Kennard (Berne) No. 152	" 17	Voyage of Persian Crown Prince to Europe... Reports arrival of the Crown Prince at Lausanne	159
109 To Mr. Hoare No. 162. Tel.	" 23	Duzdap Railway... Refers to No. 96. Approves reply proposed	160
110 Mr. Hoare No. 240. Tel.	" 24	Imperial Airways Submits that airways question should be taken up as an isolated issue with the Minister of Court in London and, simultaneously, with Persian Government. Warning should be given that, failing definite news of extension of permit by 30th November, preparations will be made for transfer to Arab coast or, alternatively, use of steamers on this section of the route	160
111 To Admiralty	" 28	Position at Henjam Transmits copies of correspondence with Tehran on this subject (see No. 97) and urges the desirability of making preparations for an alternative site and coming to a final decision regarding the suitability of Bahrein	161

No. and Name.	Date.	SUBJECT.	Page.
112 Mr. Dodd No. 573	1931 Oct. 16	Visits of the Shah to Western Persia... Transmits copies of reports from His Majesty's consular officers at Kermanshah and Hamadan on the Shah's tour through their districts. His Majesty evidently went in fear of his life and was, as usual, irritable	162
113 Mr. Hoare No. 578. Conf.	" 17	British position at Basidu... Transmits copy of a despatch sent by Mr. Dodd to the Political Resident at Bushire, enclosing copy of a memorandum by Mr. Lascelles regarding the interpretation of the <i>status quo</i> agreement at Basidu and the extent of the British concession	164
114 Mr. Dodd No. 580	" 17	Junkers air service... Refers to No. 65. Transmits copy of a record of a conversation between Herr Weil and the military attaché, showing that the position of the company is precarious. Herr Weil, who declared he refused to resort to further bribes, remarked on the increase of venality and rudeness to foreigners. He still believed he would secure another extension finally	167
115 Mr. Hoare No. 586	" 21	Perso-Soviet Commercial Treaty... Refers to No. 100. Reports on the lack of recent progress in these negotiations. The Shah, who is personally interested in the fate of Mazanderan rice, is reported to be violently hostile to the Russians. The latter have applied for the monopoly of matches and lubricating oils, and the Anglo-Persian Oil Company have protested against the latter application	168
116 Mr. Hoare No. 591. Secret	" 21	Transmits copy of military attaché's Intelligence Summary for period ending 21st October	169
117 Mr. Hoare No. 245. Tel.	" 30	Perso-Soviet Commercial Treaty... Refers to No. 115. Reports signature of Perso-Soviet Commercial Treaty on 27th October	171
118 To Sir R. Graham (Rome) No. 1291. Conf.	Nov. 5	Possibility of visits by Persian warships to Arab ports Discusses this possibility and requests that the Italian Government may be informed confidentially of the special treaty position of His Majesty's Government in the Persian Gulf in order that the Italian officers commanding the Persian ships may be aware of the true position	171
119 To Mr. Hoare No. 170. Tel.	" 6	Persian air route... Refers to No. 110. Question of discussing this matter with Teymourache must remain in suspense. Meanwhile, Persian Government should be officially and urgently pressed for decision regarding future in view of impossibility of Central Persian route proposed by them	173
120 Mr. Hoare No. 248. Tel.	" 9	Persian air route... Refers to No. 119. Suggests that message should be sent to Teymourache inviting him to come over and discuss various aspects of Anglo-Persian negotiations. This flattering attention would probably do more good than empty expressions of displeasure	173
121 Mr. Hoare No. 601	" 1	Persian air route... Transmits copy of note addressed to Ministry for Foreign Affairs on the strength of the instructions contained in No. 119. Note encloses copy of Mr. Travers's detailed report on the Central Persian route	174

No. and Name.	Date.	SUBJECT.	Page.
122 Mr. Hoare No. 602	1931 Nov. 1	Duzdap Railway ... Transmits copy of a letter to the Minister for Foreign Affairs stating that while the closure of the railway was due to circumstances outside the control of the Government of India, the latter will nevertheless be prepared to accept the latest drafting proposals (subject to one minor addition) "as part of a wider settlement"	175
123 Mr. Hoare No. 608	" 1	Persian navy ... Transmits translation of a law passed on 18th October authorising the Ministry of Finance to borrow some 390,000 pahlavis from the reserve fund to meet extra expenses incurred on naval programme as result of the fall in value of the kran	175
124 Mr. Hoare No. 613	" 2	Persian navy ... Refers to No. 123. Reports departure to Italy from Persia of 246 ratings and four officers for training service. Also reports brief discussion with Italian Chargé d'Affaires, who stated that object of navy was entirely pacific	176
125 Mr. Hoare No. 617	" 3	Mr. Hoare's first audience with Shah ... Reports substance of the audience granted on the occasion of the presentation of his letters of credence, and the curiously-staged duet between His Majesty and Feroughi on the subject of Mr. Havard's departure. Encloses copies of the speeches exchanged	177
126 Mr. Hoare No. 619. Secret	" 4	Transmits copy of military attaché's Intelligence Summary for period ending 4th November ...	178
127 Mr. Hoare No. 624	" 3	Trade Monopoly Laws ... Transmits copy of a memorandum handed to Feroughi which embodies suggestions of His Majesty's Government for such amendments to these laws as would place British traders roughly on a footing of equality with the Russians. Feroughi and the head of the Department of Commerce both encouraged the hope that these suggestions would be accepted. Also transmits memorandum by commercial secretary on this subject	180
128 Mr. Hoare No. 625	" 4	Perso-Soviet Commercial Treaty ... Transmits, with reference to No. 117, text of the treaty, obtained confidentially from Minister for Foreign Affairs, and comments on its terms. Also encloses a separate summary of the salient points of interest	185
129 Mr. Hoare No. 626	" 4	Perso-German relations ... Reports that as a result of the appearance in certain German newspapers of articles derogatory to the Shah, the Persian Minister at Berlin was ordered to leave immediately with his staff. Negotiations, however, ensued, and a compromise was reached. Incident shows the weakness of the Germans in Persia, who have too many hostages in that country	189
130 To Mr. Hoare No. 660	" 12	Situation arising out of creation of Persian navy ... States that certain proposals made by Government of India as a result of Mr. Dodd's original suggestions in No. 40 are being further examined. Meanwhile, Mr. Hoare may, at his discretion, discuss the question informally with Italian Chargé d'Affaires	189

No. and Name.	Date.	SUBJECT.	Page.
131 To Mr. Hoare No. 673	1931 Nov. 13	General treaty and air route ... Gives substance of an interview between Secretary of State and Teymourache at which the latter, in reply to an enquiry regarding extension of the Imperial Airways concession, tried to link this question with the treaty negotiations in general, but was told that they must be dealt with separately	190
132 Mr. Hoare No. 251. Tel.	" 14	Persian air route... Refers to No. 120. Minister for Foreign Affairs doubted whether any decision could be reached before return of Teymourache. Mr. Hoare urged need for early decision	191
133 Sir G. Clerk No. 369 (Angora)	" 8	Kurdish situation ... Transmits copy of a memorandum by Major O'Leary giving substance of conversation with Hüsröv Bey on this subject	191
134 To Mr. Hoare No. 670	" 16	Flying of flags in Persia... Refers to Nos. 93, 103 and 104. Comments on these (pending the receipt of the views of the Government of India) in the light of international usage	192
135 Mr. Newton No. 913 (Berlin)	" 13	Perso-German relations ... Reports on the incident referred to in No. 129. The offending Munich paper has been ordered to produce "a true account of the Shah's antecedents." Incident shows that the German Government will react to strong pressure and is of interest in view of subversive activities of Indian students in Germany	193
136 To Mr. Hoare No. 182. Tel.	" 18	Persian air route... Summarises the conversation referred to in No. 131 and gives substance of a later conversation between Sir R. Vansittart and Teymourache, at which latter said he would be prepared to discuss air route in conjunction with settlement of other questions (unspecified), but not as isolated issue	194
137 To Mr. Hoare No. 679	" 19	Kurdish tribes and the Permanent Mandates Commission ... Transmits copy of letter from Persian delegate at Geneva to Secretary-General of League commenting on statements made to the Mandates Commission by British representatives regarding Persian attitude towards nomadic tribes, who wished to cross the frontier from Iraq into Persia. Letter incidentally contains an apparent admission of binding nature of Constantinople Frontier Protocol of 1913	194
138 Mr. Hoare No. 632	" 9	Slavery in Persia... Transmits copies of two despatches from Bushire regarding cases of slavery, which show that the Persian authorities are powerless to remedy matters	198
139 Mr. Hoare No. 637	" 14	Persian quarantine service ... Transmits, in compliance with instructions received, a schedule showing to what extent the measures taken by the Persian quarantine service are at variance with the spirit of the International Sanitary Convention of 1926. Concludes that objection should only in last resort be raised against quarantine restrictions, and efforts should be concentrated on remedying conditions at quarantine stations	199

No. and Name.	Date.	SUBJECT.	Page.
140 Mr. Hoare ... No. 649	1931 Nov. 17	Flogging of British Indian at Charbar ... Transmits copies of correspondence with Bushire showing that the Persian Government have at last paid 3,000 krans in settlement of this claim. The settlement is the result of private discussions between Mr. Dodd and the head of the English section of the Ministry for Foreign Affairs	201
141 Mr. Hoare ... No. 651. Secret	" 18	Transmits copy of military attaché's Intelligence Summary for period ending 18th November ...	201
142 Mr. Hoare ... No. 652. Conf.	" 18	Perso-Soviet Commercial Treaty ... Refers to No. 128. Transmits copy of official text of this treaty and discusses the effect of the monopoly clauses (article 10) on the prospects of ratification. The sugar monopoly, it transpires, was forced on the Russians by the Persian Government. Encloses tables showing which authorised import quotas have been assigned to the Russians under the provisions of this treaty	203
143 Mr. Hoare ... No. 653	" 17	Effect on Persia of abandonment by His Majesty's Government of gold standard ... Refers to No. 106. Recounts the vicissitudes experienced by the Persian Minister of Finance as a result of the above	210
144 Mr. Hoare ... No. 655	" 18	Persian air route... Transmits copies of note addressed to Minister for Foreign Affairs requesting prompt decision regarding the extension of the Airways permit	221
145 Persian Minister for Foreign Affairs to Secretary-General of League of Nations	Oct. 22	Persia and disarmament ... Is a reply to the Secretary-General's enquiry whether the Persian Government were prepared to accept the truce proposed by the Assembly in its resolution of 29th September. Declines, with various specious excuses, e.g., the recent initiation of the Persian "minimum defensive programme, &c.	221
146 Admiralty ... Secret	Dec. 7	Henjam ... Refers to No. 111. Transmits memorandum showing the Admiralty's attitude regarding Henjam and, in general, the naval position in the Persian Gulf. Proposes that question should be considered in first instance by standing official sub-committee for questions concerning the Middle East	222
147 Sir R. Graham (Rome) No. 916	" 10	Situation arising out of creation of Persian navy ... Transmits a copy of memorandum handed to Signor Grandi in compliance with instructions contained in No. 118. Signor Grandi said there would be no difficulty in meeting the wishes of His Majesty's Government and undertook that there should be no leakage as far as the Italian officers were concerned	226
148 Mr. Hoare ... No. 262. Tel.	" 13	Persian air route... Refers to (?) No. 136. Teymourache having telegraphed result of his discussions in London, Feroughi informed Mr. Hoare that, after obtaining sanction from Council of Ministers, he was informing Minister of Court that he might negotiate a prolongation of permit in return for a suitable <i>quid pro quo</i> , the nature of which was left to Teymourache to decide	228

No. and Name.	Date.	SUBJECT.	Page.
149 Mr. Hoare ... No. 686	1931 Dec. 2	Situation arising out of creation of Persian navy ... Considers that the confidential communication made to the Italian Government on this subject is bound to reach the ears of the Persians and that, in order to forestall charge of intrigue, a parallel communication should be made to Teymourache in London and to Feroughi simultaneously in Tehran. Proposes text of such a communication. Discusses reasons for breakdown of Sir R. Clive's treaty negotiations and concludes that Persian Government are not necessarily hostile	228
150 Mr. Hoare ... No. 687. Secret	" 2	Treatment of Russian refugees in Persia ... Encloses an extract from a Meshed secret Intelligence Summary relating to an invasion of Persian territory in Khorasan by Russian troops. Concludes that Persia could adduce compelling reasons for her complaisance to the demands of the Soviet Government in the matter of refugees	230
151 Mr. Hoare ... No. 688. Secret	" 2	Transmits military attaché's Intelligence Summary for period ending 2nd December...	231
152 Mr. Hoare ... Nos. 265 and 266. Tel.	" 20	Persian air route... Summarises note from Ministry for Foreign Affairs stating that as Persian Government do not consider the South Persian route to be to their advantage and wish the air route to cross the plateau, other advantages must balance their loss and settlement of the question depends on solution of other questions. Believes that intentions of Persian Government are friendly and that reopening of Duzdap Railway might, after bargaining, be accepted as <i>quid pro quo</i>	233
153 To Mr. Hoare ... Nos. 195 and 196. Tel.	" 23	Persian air route... Refers to No. 152. Minister of Court assured Secretary of State shortly before he left for Persia that he wished to resume negotiations on all outstanding matters, including that of air route, and that if settlement of other questions were not reached in time he would try to arrange provisional extension of Airways' permit. No allusion was made to Duzdap	233
154 To Mr. Hoare ... No. 761	" 23	Persian air route... Elaborates the substance of the telegram in No. 153	234
155 Mr. Morgan (Angora) No. 436	" 23	Turco-Persian frontier settlement ... Minister for Foreign Affairs has informed him that he has accepted with alacrity invitation to proceed to Tehran in December to sign frontier agreements. Tefik Rüstü expressed his intention of discussing whole range of Turco-Persian relations	234
156 To Mr. Hoare ... No. 766	" 28	Turco-Persian frontier settlement ... Refers to No. 102. Transmits text of Turco-Persian Convention, concluded at same date as the frontier agreement, "for the establishment of order and security in the frontier regions"	235

SUBJECT INDEX.

[The figures refer to serial numbers of documents.]

- AFFAIRS OF PERSIAN RAILWAY.—3, 95.
 ANGLO-PERSIAN RELATIONS IN GENERAL.—9, 12, 17, 18, 25, 27, 63.
 BAHREINIS IN PERSIA.—23, 84.
 BASIDU.—113.
 CONDITIONS OF LIFE AT TEHRAN.—66.
 CONSTRUCTION OF A PERSIAN POST IN IRAQI TERRITORY.—1, 2, 4, 5, 6.
 CURRENCY QUESTIONS AND EXCHANGE CONTROL LEGISLATION.—80, 106, 143.
 DISARMAMENT.—145.
 DUZDAP RAILWAY (*see also under* GENERAL TREATY NEGOTIATIONS).—24, 35, 37, 70, 86, 87, 89, 96, 109, 122.
 FLOGGING OF A BRITISH INDIAN AT CHARBAR.—19, 22, 140.
 FLYING OF FLAGS IN PERSIA.—93, 103, 104, 134.
 FOREIGN ADVISERS IN PERSIAN GOVERNMENT SERVICE.—21, 41, 67, 95.
 GENERAL TREATY NEGOTIATIONS (*see also under* ANGLO-PERSIAN RELATIONS IN GENERAL).—15, 16, 35, 37, 110, 119, 120, 122, 131, 136, 148, 152, 153, 154.
 GERMAN-PERSIAN RELATIONS.—129, 135.
 GRECO-PERSIAN RELATIONS.—75.
 HENJAM.—73, 97, 111, 146.
 MR. HOARE'S FIRST AUDIENCE WITH THE SHAH.—125.
 IMPERIAL BANK OF PERSIA.—26, 33, 44, 47, 48, 54, 69, 77, 98.
 JUNKERS AIR SERVICE.—65, 114.
 KURDISH SITUATION (*see also next item and under* TURCO-PERSIAN RELATIONS).—133.
 KURDS AND THE PERMANENT MANDATES COMMISSION (*see also preceding item*).—137.
 MILITARY ATTACHÉ'S INTELLIGENCE SUMMARIES.—14, 30, 43, 55, 72, 82, 99, 105, 116, 126, 141, 151.
 NATIONAL BANK.—67.
 PERSIAN CABINET CHANGES.—13.
 PERSIAN NAVY (*see also under* POSSIBILITY OF PERSIAN WARSHIPS VISITING ARAB PORTS).—8, 10, 32, 38, 40, 118, 123, 124, 130, 147, 149.
 PERSIAN PRE-WAR DEBT.—39, 45, 46, 50, 56, 57, 58, 60, 71, 76, 78.
 POSSIBILITY OF PERSIAN WARSHIPS VISITING ARAB PORTS (*see also under* PERSIAN NAVY).—118, 130, 147, 149.
 QUARANTINE.—64, 94, 139.
 RUSSO-PERSIAN COMMERCIAL RELATIONS (*see also under* TRADE MONOPOLY LEGISLATION).—68, 74, 81, 88, 100, 115, 117, 127, 128, 142.
 RUSSIAN REFUGEES IN PERSIA.—150.
 SHEIKH OF MOHAMMERAH.—79.
 SLAVERY (OTHER THAN THE TREATY QUESTION).—51, 61, 138.
 SOUTH PERSIAN AIR ROUTE AND AFFAIRS OF IMPERIAL AIRWAYS (LIMITED).—11, 42, 52, 70, 85, 101, 110, 119, 120, 121, 131, 132, 136, 144, 148, 152, 153, 154.
 STATE OF JUSTICE IN PERSIA.—49.
 TELEGRAPHS AGREEMENT.—37.
 TRADE MONOPOLY LEGISLATION (*see also under* RUSSO-PERSIAN COMMERCIAL RELATIONS).—7, 20, 29, 34, 36, 53, 59, 63, 88, 90, 91, 92, 107, 127.
 TURCO-PERSIAN RELATIONS.—28, 102, 133, 155, 156.
 VISITS OF BRITISH WARSHIPS TO PERSIAN PORTS (OTHER THAN THE TREATY QUESTION).—31.
 VISIT OF THE SHAH TO WEST PERSIA.—112.
 VISIT OF TEYMOURTACHE AND THE CROWN PRINCE TO EUROPE.—62, 83, 108.

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CONFIDENTIAL.

Further Correspondence respecting Persia.

PART XXXI.

[E 3433/2158/34]

No. 1.

Acting High Commissioner for Iraq to the Secretary of State for the Colonies.—(Received in Foreign Office, July 2.)

(No. 289.)

(Telegraphic.)

Bagdad, June 30, 1931.

SOME ten days ago Persian police began constructing fortified post 300 metres on Iraq side of frontier at Chigha Surkh, 13 miles south-east by east of Khanikin. Protest has been lodged with Persian Legation here, and Iraqi Minister at Tehran has been instructed to take matter up. Latest information is that the Persians have ceased building on instructions from their Government, but police, who have been reinforced, have received no orders to evacuate post, which they consequently refuse to leave. Owing to the position of Chigha Surkh in transferred territory, Iraqi Government fear Persian action may be preliminary to challenging validity of frontier delimited in 1914. Their view is that frontier settlement of 1914 was definite and is still binding on both parties, and they request support of His Majesty's Government in resisting any attempt to reopen the question.

Iraqi Government have decided, with my concurrence, on the following action:—

1. Having satisfied themselves that no possible doubt exists that post is in Iraq territory, to arrange for publicity to be given to the fact that Persia have violated Iraq frontier in the hope that Persian Government will yield to public opinion and evacuate post.
2. To maintain diplomatic pressure both at Bagdad and Tehran.
3. To prepare police force with object of ejecting or arresting intruders in the event of above action proving fruitless.

King and Prime Minister consider removal of post by force if necessary is essential to avoid danger of *fait accompli* leading to arbitration and reopening of whole frontier question.

(Repeated to Tehran.)

[E 3433/2158/34]

No. 2

Acting High Commissioner for Iraq to the Secretary of State for the Colonies.—(Received in Foreign Office, July 2.)

(No. 293.)

(Telegraphic.)

Bagdad, July 2, 1931.

MY telegram No. 289.

Ground survey and air photographs confirm indisputably position of post in Iraq territory. Post is large and construction well advanced. It is garrisoned by twelve men commanded by non-commissioned officer. King interviewed

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Persian Minister this morning and made appeal for urgent satisfactory settlement in view of His Majesty's departure for Angora on Saturday. Persian Minister said that he was confident that his Government were ignorant of the affair, and that the delay in replying to Iraq Government representations was due to the necessity for their making enquiries. Hitherto obdurate, he promised to make every effort to obtain satisfactory reply before King's departure.
(Repeated to Tehran.)

[E 3441/631/34]

No. 3.

Department of Overseas Trade to Foreign Office.—(Received July 3.)

THE Comptroller-General of the Department of Overseas Trade presents his compliments to the Under-Secretary of State for Foreign Affairs and transmits herewith copy of a despatch, O.T. (B) No. 225, from the commercial secretary, Stockholm, dated the 26th June, respecting the purchase of railway material by the Persian authorities.

*Department of Overseas Trade,
July 2, 1931.*

Enclosure in No. 3

Mr. Glenny to Mr. A. Henderson.

(O.T. (B) No. 225.)

Sir,

Stockholm, June 26, 1931.

IN continuation of my despatch, O.T. (B) No. 210 dated the 16th June, relative to the purchase of railway material by the Persian authorities, I have the honour to report that on the 22nd instant an agreement was signed between the Persian Government Commission, which has been here for the last three months under the leadership of Kaikhosrow Shahrokh, and Direktör Gunnar Anderson, with another director of the firm of Nydqvist and Holm; the latter besides acting on behalf of their own firm, who are large manufacturers of rolling-stock, &c., also represent the interests of other Swedish industrialists.

According to the press, the agreement refers to the exchange of Persian goods, namely, dried fruits, almonds, nuts, carpets, silverware, pearls, opium, hides and skins, wool, cotton, rice, tobacco, tea, iron oxide, gum-dragon, &c., for Swedish locomotives and rolling-stock to be delivered by Nydqvist and Holm, engines, compressors and mining machinery by Atlas Diesel, electrical plant by Asea, bridge construction by Götaverken, cranes and hoists by A/B Marcus Holmqvist, machine-tools and tools for the railway shops by A/B Sveaexport, tools, spades, picks, &c., by Fagersta Bruk, railway crossings by A/B Växlar and Spar, explosives by Bofors-Nobelkrut, and cement by Slite Cement and Kalk A/B Kooperativa Förbundet (Co-operative Wholesale Society) will co-operate in the sale of much of the Persian produce.

The first specified delivery to be made from Sweden is said to amount to some 10 million kronor (mainly locomotives and rolling-stock from Nydqvist and Holm), but it is hoped that the deliveries will eventually exceed 50 million kronor, the amounts depending apparently on the quantities of the Persian goods which Sweden can take. No loan to the Persian Government appears to be involved. Nydqvist and Holm will form a new Swedish company which will act as a sort of clearing house for the Swedish and Persian goods. This company will send a representative to Persia to make purchases, which will be financed by the grant of a Persian Government credit at the Persian National Bank at Tehran to the company for the whole time during which the contract is valid (five years). The transactions will be settled in American dollars. In exchange for the credit which the clearing company obtains in Persia a credit will be placed at the disposal of the Persian Government for a similar amount with Swedish banks to cover the purchases in Sweden. It is understood that some ninety special contracts are being worked out for the various categories of goods which the Persians are buying in Sweden. The Swedish company may resell the Persian goods or some of them in countries other than Sweden.

Shahrokh is reported to have said, in an interview with a press representative, that the agreement which they had signed was only a formality which could be interpreted in many ways and that it was really based on mutual goodwill. It is stated that the Persians placed their order in Sweden because they had obtained favourable reports from the Turkish Government with regard to the railway construction work undertaken by the Swedes in Turkey, because of the sound reputation of Swedish goods and business methods, and because of the political neutrality of Sweden. The latter, no doubt, is one of the reasons for the failure of attempts to direct the orders from Sweden to German and Belgian suppliers. Reference was made in the press announcements to other large schemes said to be under consideration, such as the development of Persian water-power. It is expected that Swedish engineers, erectors, and others will be employed in Persia.

I have, &c.

W. J. GLENNY,
Commercial Counsellor.

[E 3433/2158/34]

No. 4.

Mr. A. Henderson to Sir R. Clive (Tehran).

(No. 103.)

(Telegraphic.)

Foreign Office, July 3, 1931.

BAGDAD telegrams Nos. 289 and 293 of 30th June and 2nd July: Construction by Persian police of fortified post in Iraqi territory.

You should keep in close touch with Iraqi Minister, and if after consultation with him you consider it desirable to support his representations, you are authorised to do so orally, but not in writing, in whatever way you consider best.

It would be well to assume in the first place, failing definite evidence to the contrary, that incident is merely result of mistake on the part of the local Persian authorities.

For views of His Majesty's Government on the general question, see Colonial Office reply to Bagdad, which is being repeated to you.

(Repeated to Bagdad, No. 217.)

[E 3498/2158/34]

No. 5.

Secretary of State for the Colonies to the Acting High Commissioner for Iraq.—(Received in Foreign Office, July 7.)

(No. 216.)

(Telegraphic.)

Colonial Office, July 4, 1931.

YOUR telegrams Nos. 289 and 293.

It seems just possible that frontier incident has arisen owing to mistake on the part of local Persian authorities as to the true position of the frontier, and, in the opinion of His Majesty's Government, until it has been definitely established that infringement of frontier was intentional and carried out with the full knowledge of the Persian Government, it would be advisable in any representations to the Persian Government to assume that a mistake has been made which that Government will doubtless be quite ready to rectify.

The following are the views of His Majesty's Government upon the three courses of action proposed by the Iraqi Government as set out in your telegram No. 289:—

1. His Majesty's Government consider it undesirable that resort should be had to publicity, at any rate at this early stage of the dispute. An Iraqi press campaign at the present juncture would be most unlikely to produce any good effect—rather the reverse, since it would be likely to stiffen Persian resistance. On the one hand, the Persian Government would be unlikely to be moved by any invective in the Iraqi press; on the other hand, once the details of the dispute had been given publicity the Persian Government would find it difficult to withdraw police post without the appearance of a surrender and thus

loss of face. Moreover, publicity would tend to embitter relations between the two Governments at a time when Persian opposition at Geneva might be embarrassing.

You should therefore strongly advise the Iraqi Government to prevent publication of the details of the dispute in the local press.

2. His Majesty's Government are in entire agreement with proposal to maintain diplomatic pressure at Bagdad and Tehran. Instructions have accordingly been sent to Sir R. Clive (see Foreign Office telegram to Tehran, which is being repeated to you). (For your personal information, I should explain that His Majesty's Government are doubtful whether formal intervention by His Majesty's Minister at the present stage would be likely to contribute to amicable settlement. They accordingly consider that British action at Tehran should at present be restricted to oral representations, and these only after consultation with the Iraqi Minister. At a later stage formal *démarche* on behalf of His Majesty's Government may, of course, prove necessary.)
3. His Majesty's Government are most strongly opposed to suggestion on part of Iraqi Government that Persian police detachment should be forcibly ejected or arrested. Such action, far from avoiding arbitration, would almost certainly lead to an appeal by Persia to League of Nations in circumstances in which Persia would be able to pose as the victim of an assault. Failing success of attempt to settle question through diplomatic channel, proper course would seem to be for His Majesty's Government, at request of the Iraqi Government, to bring matter before the League under article 11 of the Covenant. So far as His Majesty's Government are aware, the Iraqi Government have nothing to fear from reference of frontier question to Geneva. Forceful action by Iraqi Government before machinery for conciliation provided by Covenant has been exhausted would inevitably suggest reluctance by the Iraqi Government to comply with the provisions of the Covenant and would create an atmosphere at Geneva most unfavourable to admission of Iraq next year. You should advise Iraq Government accordingly.

(Repeated to Tehran.)

[E 3558/2158/34]

No. 6.

Sir R. Clive to Mr. A. Henderson.—(Received July 8.)

(No. 146.)

(Telegraphic.) R.

Tehran, July 7, 1931.

YOUR telegram No. 104 (telegram No. 216 to Bagdad).

In the course of conversation to-day with Minister of Court after farewell lunch his Highness alluded to this matter. I said I presumed it was a misunderstanding. He said yes, and that orders had been sent to withdraw the post.

(Repeated to Bagdad, No. 23.)

[E 3597/328/34]

No. 7.

Mr. Dodd to Mr. A. Henderson.—(Received July 9.)

(No. 148.)

(Telegraphic.) R.

Tehran, July 9, 1931.

MY despatch No. 339.

Reuter message of 27th June summarising Lord Parmoor's statement in the House of Lords on the subject of Persian trade monopoly resulted in inspired article in "Iran" complaining of interference with Persian internal affairs, seeing that maintenance or abrogation of the laws of a country depend solely upon good pleasure of those in power in that country. Moreover, the monopoly was

not necessarily a provisional measure. It would certainly be maintained as long as Persian Government thought it necessary for protection of Persian interests.

Following on letter from Sir R. Clive to editor of "Iran" explaining our treaty position, Minister for Foreign Affairs made a long statement in the Majlis on 5th July, outstanding feature of which was that Persian Government did not take their stand on clause in treaties which allowed them to take extraordinary measures to safeguard vital interests of country in an emergency, but on clause which authorises them to impose monopolies (presumably under any circumstances and for an indefinite time) (see article 4 of sub-section 8 of Tariff Autonomy Treaty).

(Repeated to Government of India, No. 99.)

[E 3609/2821/34]

No. 8.

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 329.)

Sir,

Tehran, June 25, 1931.

WITH reference to my despatch No. 238 of the 16th May, transmitting a copy of a despatch addressed by me to the Hon. the Political Resident in the Persian Gulf on the subject of the future of the Persian navy, I have the honour to forward to you herewith a copy of a memorandum by the oriental secretary at this Legation recording the substance of a conversation with Commandante del Prato, the senior of the two Italian naval officers at present employed by the Persian Government as advisers.

2. My despatch under reference has given rise to an exchange of correspondence between the Acting Political Resident at Bushire and the senior naval officer in the Persian Gulf, and I propose to await the completion of this correspondence before furnishing you with copies and with my observations, if any, on the views expressed.

3. I am sending copies of this despatch to the Foreign Secretary to the Government of India, and to the Acting Political Resident at Bushire.

I have, &c.

R. H. CLIVE.

P.S., *June 30.*—Since writing the above I have had occasion to see my Italian colleague who told me that there was no question of the 1,000-ton gunboats being ready before the spring of 1932. M. Daneo added that the Minister of Court, who is by way of leaving for Europe in September, is very anxious to assist at the formal launching in Italy this autumn of the first of these two vessels.

2. I enclose copy of a further despatch from the Acting Resident at Bushire to the Government of India, in which the question is raised of the eventual difficulties which may arise from the visits of these gunboats to Arab ports.

R. H. C.

Enclosure 1 in No. 8.

Persian Navy.

I HAVE gathered the following information from del Prato:—

The four smaller craft will be ready towards the end of this year, and he will go to Italy before they leave.

Bushire will be their headquarters. There is a shallow lagoon there to the west of the island, which is sheltered by a line of rocks, uncovered at low tide. He hopes it will be possible to dredge that lagoon sufficiently as well as a channel leading to it from the present "inner anchorage" now actually used. He would then build a slipway, up which the boats could be hauled for examination and overhauling; he will also propose to have a small floating dock, similar to the one belonging to the Anglo-Persian Oil Company at Abadan.

As regards personnel, there will have to be a small nucleus of Italian technical officers and men, especially engineers, wireless specialists, boatswains, &c., but he does not think the number will be much over twenty. He already has

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nine young Persians who have completely finished the Naval Academy, and he will eventually have many more, and they will be competent to navigate. Knowing, as they do, a sufficient amount of Italian, he sees no difficulty in the language question and all direction plates aboard will be in Italian and Persian. The boats will be provided with all comforts aboard to enable officers and men to pass the hot weather, but there will also be shore quarters, and he is sure that suitable buildings can already be found in Bushire with perhaps very little alterations necessary.

May 20, 1931.

G. T. H.

Enclosure 2 in No. 8.

Consul-General Fowle to Government of India (Simla).

(Confidential.)

Sir,

Bushire, June 8, 1931.

I HAVE the honour to refer to letter of the 16th May, 1931, with enclosures, from His Majesty's Minister, Tehran, on the subject of the two gunboats and four motor patrol vessels which the Persian Government have ordered for service in the Persian Gulf.

2. The "Chalcheleh," a 50-ft. launch, has already arrived at Bushire. She is not, however, one of the four motor patrol vessels, having apparently been originally purchased by the Persian Government from Germany for use in the Caspian. As the Russians refused to allow her to go down the Volga, the Persians had to send her round to Bushire. It is possible that she will be used for preventive service against smuggling.

3. The enquiries suggested by the Minister in paragraph 2 of his letter are being made, and Colonel Biscoe has already submitted his views on this point to Tehran.

4. The advent of the craft mentioned in paragraph 1 above seems not unlikely to raise some important and complicated issues. The four motor patrol vessels will presumably be used on anti-smuggling duties along the Persian coast and in Persian waters.

5. The two gunboats, however, which are due to be completed, one in October and the other in December of this year, come in a different category. While there is a *raison d'être* for the motor vessels, it is difficult to imagine what use the Persian Government can have for the gunboats. They are of respectable sizes; about 1,000 tons "métriques," that is to say sufficiently large to cruise about the Gulf, and to cross over to the Arab shore. It is this latter possibility which may raise the issues already alluded to. There is no love lost between Arabs and Persians, and Persian gunboats cruising in, or just outside, Arab waters, with opportunities of harassing Arab dhows on various pretexts, or of landing their crews on outlying Arab islands, &c., will probably, sooner or later, bring about regrettable incidents. There will be all the more reason—from the Persian point of view—for the gunboats to encroach on Arab waters since the Persian Government still raise a claim to the territory of at least one Arab State, Bahrein, while the fact that the officers of the gunboats will be nationals of a European Power, Italy, will not lessen the delicacy of any situations which may arise.

6. There is, of course, the possibility that the gunboats may not materialise by default of payment by the Persian Government, or that if they do materialise, they may suffer the fate of the old Persian navy, which—as represented by the "Persepolis"—now lies rotting in Bushire harbour. But I do not think we can count on this, and it would, I venture to suggest, be advisable to consider now what our attitude should be in the event of the Persian navy becoming a "fleet in being." One obvious method of control of the gunboats which occurs to me is that the Arab States of the Gulf—when the fleet shows signs of materialising—should notify the Persian Government that before Persian warships can visit their ports, or waters, due notice must be given and permission applied for. As this is the procedure which the Persian Government are formally insisting on in the case of visits of British men-of-war to Persian ports (*vide* despatch No. 496, dated the 7th October, 1930, from His Majesty's Minister, Tehran, to His Majesty's Secretary of State for Foreign Affairs, copy forwarded direct to the

Government of India) they could have little grounds for real protest. The fact that the Arab States do not insist on this procedure in the case of British ships is a matter between them and His Majesty's Government.

7. I discussed the question with Colonel Biscoe before he left for England, and understand that he is going to take it up there with the authorities concerned.

8. I am sending copies of this despatch to His Majesty's Secretary of State for India, His Majesty's Minister at Tehran and to the senior naval officer, Persian Gulf Division.

I have, &c.

T. C. W. FOWLE, Major.

[E 3611/145/34]

No. 9

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 332. Confidential.)

Sir,

Tehran, June 26, 1931.

IT may be of interest on the eve of my departure after nearly five years' residence in Tehran to review briefly the changes which have occurred since 1926 and the present trend of Persian policy as I see it.

2. When I arrived here Mustaufi-ul-Mamalek, one of the old school of inert Prime Ministers, was at the head of the Government. Dr. Millspaugh directed the finances with dictatorial power. Teymourache, the rising star, was in Moscow attempting to make a treaty with the Soviet Government, whilst His Imperial Majesty, by then constitutionally established on the throne, appeared to be degenerating into a debauchee.

3. In December 1926 Teymourache returned from Moscow. He at once took the Shah in hand, and in January 1927 was launched the great scheme to build a railway from the Caspian to the Persian Gulf, which was to be at once the emblem of the Pahlavi dynasty and a visible proof of the renaissance of Persia.

4. Foreign countries were soon to feel the effects of the new nationalism inspired by the Minister of Court. In March the agreement come to in 1925 with Imperial Airways was scrapped by the simple expedient of declining to submit for ratification to the Majlis Persian adherence to the International Air Convention, which had been one of the conditions of the agreement—a very typical instance of Persian bad faith. Two months later, after a somewhat theatrical pronouncement by the Shah, all the treaties with foreign Powers were denounced, including the French and Spanish perpetual treaties, the peace treaty of 1857 with Great Britain alone being excluded. At the same time the Cabinet was reconstituted, Mukhbar-es-Sultaneh replacing Mustaufi as a figure-head Prime Minister, while Daver, who had been brought in as Minister of Justice, and Firuz Mirza as Minister of Finance three months before Mustaufi resigned, were continued in office. The Minister of Court, however, continued to act as intermediary between the Shah and the Cabinet; in fact, he had assumed all the powers, if not the title, of a Grand Vizier. Two months later Dr. Millspaugh's four years' contract terminated. The Persian Government declined to renew it except on terms which deprived him of all real authority, and which it was known he would refuse to consider. Shortly after, he and the members of his financial mission returned to America. Dr. Millspaugh was no great financier, but he had rendered unquestionable service to the Persian Government. The Persians, with a lack of gratitude which seems hardly human, expressed no word of regret at his departure and no word of thanks for his services.

5. In the autumn, a number of new treaties and conventions were concluded with the Soviet Government, and, in order to make them more palatable to the public, a deliberate, but quite unconvincing, anti-English campaign was engineered, on the pretence that Great Britain had thrown in her lot with the mullahs in their opposition to the Pahlavi régime in general and to the new Conscription Law in particular. This inspired campaign became so virulent that for some two months, with the approval of your predecessor, I practically ceased to have any relations with the Persian Government. It was not until the middle of December that the Minister of Court made a move to restore normal

[6751]

relations with His Majesty's Legation. I had a long audience with the Shah at the instance of Teymourache, and the train was laid for the conclusion of the Tariff Autonomy Treaty, which was signed on the 10th May, 1928. At that moment Anglo-Persian relations appeared not merely to be normal, they might even be said to be friendly. Simultaneously, letters were exchanged recording the permission to Imperial Airways to fly along the Persian shore of the Gulf on the route to India for a period of three years from the inauguration of the service. The service actually started in April 1929. In the autumn, on my return from leave, negotiations were begun for a commercial treaty and a general treaty to settle all outstanding questions.

6. Meanwhile, the new nationalism which was to regenerate Persia and convert her from a backward Asiatic State to a progressive and enlightened member of the League of Nations was moving apace. The National Bank was founded in the summer of 1928, with a German as chief manager. A German-American syndicate received a contract to construct some 200 miles of railway in the north and south as the initial stages of the great trunk line, a French wireless expert was engaged to take charge of the high-powered wireless station in Tehran, which was to render Persia independent in her outside communications of the telegraphic land lines; negotiations were set on foot with Italy through the medium of two specially engaged Italian naval officers for the training in that country of Persian naval cadets and the eventual purchase of a small fleet of warships. A financial adviser, a forestry expert and a mining engineer were engaged from Germany. From France came a number of school teachers, a public health adviser, who was to assist in the foundation of a great central hospital in Tehran on grandiose lines, and an archaeologist and fine arts adviser, who was to found a national museum, while, as an aftermath of the Millspaugh Financial Mission, there still remained an American adviser on road construction and an American railway engineer to supervise the work of the German-American syndicate. No branch of the public service appeared to have been neglected. At the same time, as a further milestone on the road to progress, the national costume of the long pleated frock coat and "Kola" (a black fez) was, by Imperial order, changed to a short jacket and peaked cap—the famous Pahlavi hat.

7. In November 1928, on the occasion of the opening of the newly-elected Majlis, the Prime Minister read out a speech (drafted, as I subsequently learnt, by the Minister of Court) in which pointed allusions were made to the necessity of revising and modernising certain old concessions. Those of the Anglo-Persian Oil Company, the Imperial Bank of Persia and the Indo-European Telegraph Department were clearly indicated. It is unnecessary to enter into the details of these concessions or into the manner in which these different institutions reacted to the hint. Suffice it to say that Sir John Cadman with a large staff came out to Tehran a few months later (in February 1929) in an attempt to negotiate a revision and, at the same time, a prolongation of the Anglo-Persian Oil Company concessions. The attempt failed, but negotiations have not actually been broken off, although Teymourache, with a view to blackmailing the company into offering better terms, recently instituted in an organ of the Tehran press a most venomous and libellous attack upon them. The bank made no move until a year later their hand was forced, and for the sum of £200,000 in cash and certain minor privileges they agreed to renounce, as from 1931, their right of note issue. The challenge to the Indo-European Telegraph Department resulted in the conclusion last September by the Government of India of an agreement with the recently-formed Cable and Wireless Company to withdraw the Telegraph Department entirely from Persia, as a corollary of which the Indo-European Telegraph Company, which had already been absorbed by the Cable and Wireless Company, was simultaneously withdrawn on the 1st March of this year. Persia is thus left in undisputed possession of the land lines, but without the means of using them for an international service or, it may be added, the competence to do so. A telegraph service to Europe is, however, still maintained by land line to Bushire and thence by cable via India.

8. Up to the spring of 1929 the programme of national regeneration appeared to be making headway. In April, however, a serious outbreak occurred in the Province of Fars. The Qashgai and a portion of the Khamseh tribes revolted, and it was feared at one time that the Bakhtiari would join them. Not until the autumn did the movement die down, but it cannot be said that the Persian Government succeeded in suppressing it; in fact, they yielded to most of

the tribesmen's demands. An attempt was, as usual, made to make His Majesty's Government the scapegoat. It was said that we had supplied the tribesmen with arms, and that His Majesty's consul in Shiraz, disguised as a Dervish, was helping them with advice! Finally, what can only be described as the great Lawrence myth (that is, the rumoured presence of Colonel Lawrence wherever trouble was to be found) was regenerated in order to put the seal on our perfidy in an attempt to exculpate the shortcomings of the Persian army. One interesting sequel to this tribal revolt was the downfall of Firuz Mirza, the Minister of Finance. The Shah, wrapt in a maze of suspicion, conjured up the idea of a Qajar rising. Firuz, as a Qajar Prince, was arrested, as was his cousin, Akbar Mirza, the Governor-General of Fars. His Majesty even felt doubts as to whether the Minister of Court was entirely above suspicion. New elements hostile to Teymourache were introduced into the Cabinet, and it was several months before His Highness regained his old ascendancy.

9. Meanwhile, in August, the Lawrence bogey having been successfully laid for the time being, negotiations for a general treaty and a commercial treaty with His Majesty's Government were once more resumed. As was to be expected, the Persian demands were exorbitant. They not only included the remission of the whole pre-war and war-time debt, but the cancellation of all claims, the cession of the islands of Tamb and Bu Musa and the provision of a fleet of gunboats and patrol boats. Discussions went on through the autumn. They continued intermittently until the autumn of 1930, since when they have been in abeyance. The points at issue have been greatly narrowed down, and if the Persians were genuine in their desire to reach a settlement, both treaties could very soon be concluded.

10. By November 1929, coinciding with the beginning of the slump in America, black clouds again appeared on the horizon. Silver, on which the Persian currency is based, was falling rapidly in value. The exchange rate of the kran had fallen from 50 to 70 to the £. The Imperial Bank of Persia was accused of manipulating the exchange for their own base ends. It cannot be said that the Imperial Bank rose to the occasion or met the situation with skill. They certainly did not. They offered advice, it is true, as to how to meet the situation, but scornfully repelled the proposals of the National Bank that the exchange rate should be fixed in agreement between the two banks. Dr. Lindenblatt seized the opportunity to disparage the Imperial Bank and to incite the Minister of Court against this "obstructive and unhelpful British institution," with the result that, in February 1930, a law was passed under which a commission was appointed to fix the rate of exchange from day to day. This commission was dominated by the German manager of the National Bank, and the rate was arbitrarily fixed at 60 kran to the £. The Imperial Bank's control of exchange was gone for ever. Dr. Lindenblatt had, indeed, succeeded in his object of undermining the position of the Imperial Bank and of establishing the National Bank in a privileged position. It was indifferent to him whether the rate fixed was economically justified or not. With the help of Government funds which were temporarily placed at his disposal, he was able to sell exchange and draw away many of the old clients of the Imperial Bank. Simultaneously a law was passed establishing, as from March 1931, a currency based on gold. But here it was impossible to ignore the Imperial Bank, as under their concession they still had for another twenty years the sole right of note issue. A bargain was eventually made under which the bank's right was bought out for the inadequate sum of £200,000 and certain privileges granted which included their being placed on an equality with the National Bank for ordinary banking business. The Imperial Bank undoubtedly could have, and should have, obtained an additional £100,000 for their right of note issue.

11. By the autumn of 1930 the economic situation had become, as it still remains, the main issue in Persian politics, although Persia has probably been affected much less than most countries by the world economic depression. The arbitrary fixing of the kran at the rate of 60 to the £ (later raised to 90) was done in defiance of expert advice, and resulted, as was anticipated, in wholesale evasion. Business continues to be done outside the banks at the bazaar rate, and it is quite beyond the power of the Government to stop this.

12. The gold exchange law, another phantasy of the Minister of Court, seems equally doomed to failure. The intention was to bring the new currency (1 Pahlavi = £1, 1 rial = 1s.) into force in March of this year, but this has now

been postponed until September. The public are quite in the dark on the subject. Nothing is known as to how it is proposed to control the new currency, while the bankers fail to see how it will be possible to keep it from going to a discount.

13. Finally, the Trade Monopoly Law can only, if persisted in, have the effect of ruining the country's commerce. This law, designed by Teymourache in imitation of the Soviet system of State trading, and forced through the Majlis without discussion last February, purports to control, under the Government, by a system of permits and licences, the whole import and export trade of the country. The Persians have not the experience, capacity or organisation to administer successfully such a highly complicated law. Nobody wants it; the officials don't even profess to understand it. A few merchants who are able to obtain import licences may, for a while, succeed in making profits, but among the public there is growing dissatisfaction. All three measures are the work of Teymourache and have been forced on the country in defiance of the principles of sound finance and economics and contrary to expert advice. The news that the Minister of Court is escorting the 12-year old Crown Prince in September to Europe is widely interpreted to mean that his Highness will make a prolonged absence abroad. His former popularity is gone, although he still enjoys the unbounded confidence and support of the Shah. It is believed that he is going away to escape the odium of this ill-starred legislation which could the more easily be rescinded in his absence. How far this may be true it is difficult to say, but there can be little doubt that his Highness must now realise that his economic policy has been a failure.

14. And what of the various schemes and enterprises referred to in paragraph 6 above? In spite of Dr. Lindenblatt's success in asserting the position of the National Bank against his British rival, it is too early as yet to say that the National Bank has made good. Their overhead expenses are out of all proportion to their profits, they have no standing abroad and have yet to gain the confidence of the Persian public, while many of the young foreign educated Persian employees already are thinking that they know better than the German managers.

15. And the railway, the great trunk line from the Caspian to the Persian Gulf? So far some £4 million has been sunk in this enterprise, and in the universal opinion the money might just as usefully have been sunk in one of the seas which the line is so optimistically destined to connect. What has actually been constructed is about 50 miles more or less solidly in the north connecting a still non-existent port on the Caspian with a small village near the foot of the pass leading up to the great plateau, and in the south far less solidly some 150 miles from a deep water inlet east of the Shatt-el-Arab, where no port exists, to the town of Dizful, just south of the welter of limestone mountains that constitute the Province of Luristan. It is not for me to criticise the work of railway engineers, but there is little doubt that the German group in the north, with a greater understanding of Persian psychology, have at least produced a roadbed on which a train can travel. There are also imposing stations and iron bridges. The Persians suspect they have been made to pay a prohibitive price—70,000 dollars a kilometre in the north compared with 24,000 dollars a kilometre in the south—but at least there is something to show for it however useless it in fact may be. In the south, the American group from the first sacrificed quality to quantity, and they were not favoured by fortune. The Shah visited the southern section in January 1930. The Americans had certainly laid the lines, but exceptionally heavy rain coinciding with His Majesty's visit made it quite impossible to keep the train on the flimsily built track. The Shah's coach was derailed, not once but twice. The Americans were accused of doing the work, not merely badly, but expensively, and on the 1st May the Persian Government rescinded the contract. The rails have since acquired an even more irresponsible and serpentine appearance, while the rolling-stock has greatly deteriorated. The Persians have now engaged at large salaries a Japanese and a Belgian engineer as supervisors, and entrusted the construction work to an American engineer in their employment. The only solid thing in the south is the big iron bridge over the Karun at Ahwaz supplied by an English firm and put in place by British riveters. All the other bridges are of wood, the intention being to replace them later by iron bridges. But the Persians cannot understand this; the work seemed shoddy and bad to them compared with the German work in the north. The Americans hoped to impress the Shah by the speed with which

they had constructed 150 miles of line. He was only impressed by the fact that trains appeared unable to run on the line at all.

No one can say what will be the outcome. It is estimated that it will cost at least £500,000 to put the southern section in working order, and when this is done there still remains the huge central section of some 600 miles, the cost of which has been estimated at not less than £30 million, if the original alignment of a standard-gauge railway is to be maintained. I have been told that, of the six imposing German locomotives imported for the northern section, three are already out of order owing to the inexperience and inefficiency of the young half-trained Persian engineers who were sent to take charge of them, and that the Belgian engineer has gone home in despair. It almost looks as though General Shaibani's remark when the Railway Bill was passed may yet come true: "All that will be seen of the railway in five years' time will be a few rusty rails here and there." The tragedy of it all is that no one, either Persian or foreign, has ever had the courage or the honesty to warn the Shah of the appalling wastage of the country's limited resources involved in the railway scheme. The German and American contractors could hardly be expected to do so, but the Minister of Court must long since have realised the position, and I have little doubt that with the disappearance of the Shah the whole thing would be dropped.

16. Of the Persian navy it is too early to judge. Two gunboats—it is believed of 1,000 tons—and four small patrol vessels have been ordered in Italy for delivery this autumn and the first deposit paid. The intention apparently is to base them on Bushire, although no docking facilities exist there, and no provision has been made for dredging the very shallow channel leading to the inner harbour. Where the officers and crews are to come from remains to be seen, although it is probable that there will at first be not less than twenty Italian officers. The very considerable cost of upkeep appears so far to have been overlooked. One cannot help feeling that the Persian navy is going to be a very expensive luxury and will be as useless and unremunerative an investment as the trunk railway.

17. The German financial adviser, who left Tehran in the autumn of 1930 on the completion of his two years' contract, is now to be succeeded by a Belgian. Dr. Schniewind was a competent Prussian official, whose advice, however, was never accepted. He left Persia with relief and disgust—relief at giving up an entirely thankless office in which he felt he was but wasting his time; disgust at the appalling state of corruption which permeated every section of the community from the highest in the land downwards. It is no exaggeration to say that, with the exception of a few of the senior Cabinet Ministers, every public appointment is paid for. A young Deputy actually admitted that he had paid Teymourache 14,000 tomans for the position. Every Minister abroad pays for the appointment. One and all hope to recoup themselves for the capital outlay by illegitimate methods, and all those who have had long experience of this country are agreed that corruption is more universally rife to-day than at any time within their experience.

I may mention, as an instance, the following case vouchsafed to me by the head of Junkers: 55,000 tomans was voted in last year's budget for upkeep of aerodromes. Exactly 132 tomans was spent, the remainder going into the pockets of various officials from the head of the Persian Military Air Service downwards.

With a view, however, to throwing dust in the eyes of the world, Firuz Mirza, a notoriously corrupt Minister, was put on trial last year for malversation of public funds. Although convicted on one or two minor charges, the major charge was not proved. The severe sentence he received was by the Shah's orders for political motives.

At the same time, it is almost impossible to obtain the payment of debts by Persians, either public or private. There would appear to be an almost entire absence in public life of any moral sense. In business, I am told, the merchant is less unscrupulous.

18. The experience of other advisers and experts appointed by the Persian Government has been similar to that of Dr. Schniewind. The German forestry expert carefully explored the forest areas of Mazanderan and submitted reports, to which no attention was even paid, and has now been succeeded by a Frenchman. The French public health adviser is apparently content to draw his salary and do nothing, while M. Godard, whose main duty as fine arts adviser and archaeological expert is to create a national museum, found, on his return after a temporary

absence from Tehran, that the financial estimates for his work had simply been cut out from the budget. He has succeeded in making a collection for the Government of valuable bronzes from Luristan, but keeps them in locked packing cases for fear that the Minister of Education should take them and sell them for his own profit! There is no museum in Persia, and M. Godard has not found one single Persian to take the smallest interest in his work of founding one.

19. No foreigner who has lived in Tehran during the past two years has failed to notice the growing anti-foreign tendency, which is known to be directly inspired by the Shah. The military have definite instructions to have no relations with the foreign Legations in general and the military attachés in particular. Intercourse of the latter with Persian officers is confined to occasional visits to the Chief of Staff, who always professes profound ignorance of every subject mentioned. Provincial Governors now openly warn the people to have as little as possible to do with foreigners, while the list of Persians who may accept invitations to the Legations is strictly checked. Recent reports from consular officers state that at the King's birthday party this year no Persian official other than the Governor or his deputy was allowed to be present, although in several instances other officials in friendly relations with the consul privately apologised for their absence. The only possible explanation of this attitude is the suspicion of the Shah himself, with whom suspicion of all and sundry has now become an obsession—accentuated with every year that he lives. The Minister of Court would appear to encourage this attitude. He has made it practically impossible for any Persian either to approach the Shah directly or to reach His Majesty by the system—time-honoured in the East—of written petitions, nor can any of the foreign representatives now have an opportunity of speaking openly to His Majesty, as they may no longer bring their own interpreters. So far as the people in general are concerned, I have no reason to believe that there is any anti-foreign feeling at all, either in Tehran or in the provinces. It is a purely artificial growth and, if the *mot d'ordre* were changed, would disappear.

20. Lest you should think that I have been attempting to draw an unduly pessimistic picture of Persia to-day, I would wish the following observations to be considered in conjunction with the foregoing criticisms.

21. The Shah, for all his narrow-mindedness, which is largely due to lack of education, his avaricious and suspicious nature, is unquestionably a patriot according to his own light. I would even say the same for Teymourtache, whose devotion to the Shah is undoubted. The underlying motives of both men are, I honestly believe, the regeneration of Persia. The Shah has in ten years built up a military force of some 40,000 men, which is incomparably superior to any Persian army of the past, even though it cannot yet be classed with any modern army. Security is more or less generally established, communications by road have been greatly extended, municipal government under the control of the Central Government has been inaugurated in all the principal towns, while a system of justice exists which, however faulty, at least shows some improvements on the past.

22. The great stumbling-block, however, as I see it, to any serious progress in Persia, as has always been the case in former times, is the Persian ignorance of the elementary principles of finance, an ignorance, moreover, which, owing to the national characteristics of superficiality, self-satisfaction and arrogance, the Persian will never admit. It is very difficult to understand why the Persian Government should continually engage, at considerable expense, foreign advisers and then not merely ignore their advice but almost invariably do precisely what they have been advised not to do. If Persia is heading for national bankruptcy, as would almost appear to be the case, it is entirely her own fault. I have no hesitation in saying that if the Persian Government were prepared to-day to engage a first-class financial adviser with a select staff under him, give him executive powers, listen to his advice and then act upon it, there need be no question of bankruptcy or even of a serious economic crisis. But she never will. In addition to the characteristics mentioned, one has to remember the inherent distrustfulness and suspicion of every Persian, not only of every other Persian but of every foreigner in Persian employment. He cannot believe that any man is honest or disinterested. During my first year here, when the days of the Millspaugh financial mission were evidently numbered, attempts were made to invent charges of corruption and misappropriation of funds against practically every member of the mission. The Persian hates to think that the foreigner should make money out of him or his country and simply cannot believe that every

single foreigner he employs does not try to do so. I consider this ingrained suspiciousness the greatest of modern-day Persia. A sparsely populated, self-supporting agricultural country with few wants should have no difficulty in making ends meet. If Persian finances were honestly administered under careful and stringent control, and wild-cat schemes for trunk railways and warships abandoned, Persia would be relatively rich and prosperous. As it is, with no conception of the elements of sound finance, refusing to listen to or act upon good advice, Persia seems bound to remain a poor and backward country. She has a genius for irritating her neighbours and such ingrained distrust of every other country that she is, and likely to remain always, as now, without any real friend.

23. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.

R. H. CLIVE.

P.S., July 1.—On reading through this despatch in type I feel there is one important point to which I have not drawn sufficient attention. I refer to the artificial growth of militarism in what is essentially an unmilitary country. The arrogance and indiscipline towards the civil population of the officers and men of this new army are growing more marked. The Persian soldier to-day carrying his rifle does not hesitate to level it at any civilian on the slightest provocation, real or imagined. On the public highways this is a growing danger. Freight lorries and even private cars are considered fair game by the soldiery, who force the drivers by threats to give them free lifts. There have been frequent cases of the unfortunate drivers being brutally assaulted. In the provinces, and even in Tehran and the immediate neighbourhood, rape and robbery by young undisciplined soldiers are on the increase. The newly enrolled conscripts are among the worst offenders. No redress can ever be obtained. Complaints to the Ministry of War are simply unheeded. Meanwhile the Shah is ever increasing the size of the army. It is said that he aims eventually at an army of 100,000 men. Two years ago there were 35,000, to-day there are 41,000. The cost is approximately 45 per cent. of the annual revenues of the country, which neither requires, wants, nor can afford so large a force. The danger which ten years ago existed from banditry is to-day tending to increase from the forces called into being to suppress it. Having spent three years in China since the war, I know that undisciplined forces are as great a danger as bandits. I have some reason therefore for considering the present state of affairs very disquieting.

R. H. C.

[E 3613/2821/34]

No. 10.

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 336.)

Sir,

Gulhek, June 27, 1931.

WITH reference to my despatch No. 329 of the 25th instant I have the honour to report that the Majlis on the 21st June passed a Bill authorising the Ministry of Finance to credit to the general revenue of the country for the current year the interest on the sums on deposit in the banks at Rome with a view to effecting payment, by instalments, for the ships ordered in Italy. A sum of 2,100 tomans (£210 sterling approximately) is by the same law appropriated from this fund to cover the cost of the journey and stay in Italy of seven technicians sent to that country and intended for service in these ships.

2. I am sending copies of this despatch to the Foreign Secretary to the Government of India and to the Acting Political Resident in the Persian Gulf.

I have, &c.

R. H. CLIVE.

[E 3615/439/34]

No. 11.

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 341.)

Sir,

Gulhek, June 27, 1931.

I HAVE the honour to refer you to Mr. Parr's telegram No. 43 of the 11th March, indicating the new Transpersian route proposed by the Persian Government for Imperial Airways. I would also refer you to my telegram No. 92 of the 27th April, reporting the views held by M. Weil, head of the Junker Company in Persia, in regard to this proposed route, and to my despatch No. 214 of the 5th May, recording a conversation on the subject with the Dutch Chargé d'Affaires.

2. On the 19th June, as foreshadowed in your telegram No. 81, dated the 29th May, Mr. Travers, senior pilot of Imperial Airways, arrived in Persia in a Puss Moth machine, chartered in Cairo, with a view to inspecting the route. He very wisely came first to Tehran, flying from Bagdad. He called on me and on M. Weil, the head of Junkers. The latter, who speaks as an expert, having been four years in Persia and having flown over the length and breadth of the country, expounded at length the technical objections to the route proposed for a week-in, week-out commercial air route involving 104 flights a year. I endeavoured to make Mr. Travers realise the advantages to be gained from a political point of view of avoiding Persia altogether if this could be done by establishing the route along the Gulf by flying boats or along the Arab coast by land planes, or even with the latter, if sufficient fuel could be carried, just outside Persian territorial waters. On the 23rd instant Mr. Travers was good enough to fly me down to Isfahan, returning with me to Tehran the next day. On the afternoon of the 23rd he made a reconnaissance flight into the Bakhtiari country, and was entirely satisfied, after fifteen years of flying experience under all sorts of conditions, that to fly for some 200 miles at a height of 12,000 feet, summer and winter, over trackless mountains with no possible landing places and where no telegraph line exists would be sheer folly for a commercial air company.

3. On our return to Tehran a message was communicated to me at the aerodrome that General Nakhchevan, head of the Persian Air Force, would be glad to see Mr. Travers if he would fly across to the military aerodrome. After the Puss Moth machine had been duly inspected by the Persian Air Force officers, Mr. Travers had some conversation with the general, who stated that he had been responsible for indicating the proposed new air route, but admitted that *he had never flown over it himself*. Mr. Travers gave him to understand that it was not a feasible proposition.

4. In conclusion, I would like to add that there is always the remote possibility that, if the Dutch, the French and Imperial Airways leave the question alone until the last possible moment—it must be remembered always that Imperial Airways' permission to fly along the Gulf route expires three months later than that of the other two companies—the Persian Government may, for fear of hostile press criticism, extend the permission for short periods, but it would be very unwise to count on this. I have expressed this view to my French and Dutch colleagues, who agree with me. For the moment, therefore, my advice would be to let sleeping dogs lie, so far as Persia is concerned, and press forward enquiries as to the practicability next spring of using the route along the Gulf by flying boats or along the Arab coast by land planes.

5. I understand that Mr. Travers on his return is likely to advise Imperial Airways in the same sense.

6. I am sending copies of this despatch to the Foreign Secretary to the Government of India and to the Acting High Commissioner for Iraq, for the information of the Air Vice-Marshal.

I have, &c.

R. H. CLIVE.

[E 3616/18/34]

No. 12.

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 343. Confidential.)

Sir,

Gulhek, June 28, 1931.

IN my despatch No. 332 of the 26th June, I endeavoured to give a general outline of the course of events in this country during the past five years.

2. I now propose to submit a few observations on the subject of the two treaties, negotiations for which have been in abeyance since last autumn.

3. These negotiations were started nearly three years ago. With equal goodwill on both sides I have no hesitation in saying that both treaties could easily have been concluded in a maximum of six months. How, then, is one to account for the present state of affairs? Are we to believe that the settlement of these two treaties presented such insuperable difficulties, that His Majesty's Government adopted such an intransigent attitude, or that Persia was faced with the alternative of sacrificing national rights which would jeopardise her status as an independent sovereign Power? On the contrary, His Majesty's Government have been disposed to show the utmost conciliation throughout, and to go far more than half-way to meet Persian susceptibilities in regard to her sovereign rights in the desire to regularise, in the common interest, certain anomalies still existing, more especially in the Persian Gulf. No, the reason must be sought elsewhere, and is really to be found in that inherent Persian dislike and suspicion of finality, more especially when it takes the form of a written agreement. Recent experience has shown, however, that even when a written agreement exists, as in the case of our Tariff Autonomy Treaty with Persia or the Perso-German Commercial Treaty, Persian ingenuity finds little difficulty in nullifying the effect of such agreements. The Minister of Court did this by passing the Trade Monopoly Law. So long as this law remains in force it would be pure waste of time to negotiate a commercial treaty. On this point all my colleagues are of the same opinion. One is thus faced with the question: "Is it worth while to make any treaty with Persia at all?" In present circumstances I am inclined to say that it is not. The Persians are notorious for signing agreements and then declining to ratify them, or even to submit them to their Parliament for ratification. They have done this in the case of almost every international agreement since the war. So far as His Majesty's Government are concerned, four agreements occur to me which since the war have been signed, but not one of which has been ratified. These are the Supplementary Commercial Agreement of the 21st March, 1920, the Imperial Airways Agreement of 1925, the Persian Debt Agreement of 1926, and the Tariff Autonomy Treaty of 1928. What chance exists, then, that if a general treaty were signed it would ever be ratified by the Persian Government?

4. The next question I would ask myself is: "Would His Majesty's Government be seriously inconvenienced if no general treaty were concluded in the near future?" It is generally accepted, I think, that apart from the desirability of getting the Persian Government to drop once for all their preposterous claim to the islands of Bahrein, the only real advantage, other than a settlement of the war and post-war debt, that we stand to gain from the proposed treaty is the regularisation of our admittedly anomalous position in the Island of Henjam. The protected anchorage of the island for His Majesty's ships and the landing rights for the officers and men on the island itself are an unquestionable benefit, and it would be a great inconvenience to the Admiralty if these rights, of which His Majesty's ships have been in enjoyment for the past twenty-five years, were no longer available.

5. The final question I would ask is: "Is there any likelihood of the Persian Government attempting to make us evacuate the island and refusing to allow our ships to anchor in their territorial waters off the island?" The Persian dislike of finality implies equally an aversion to extreme measures of any kind. It is not impossible that the Persian Government may again question our right—pending a treaty settlement—of remaining in Henjam on the basis of the *status quo*. They will almost certainly continue to indulge in petty obstruction, pin-pricks, and a more or less offensive attitude, but I very much doubt their going beyond this. It would be a definitely unfriendly act officially to demand our

withdrawal, and if we declined to accede, to refer the matter to the League of Nations. There is always a point beyond which the Persian Government will never venture to go in their dealings with His Majesty's Government. Persia in a chronic state of indifferent, often definitely bad, relations with two of her powerful neighbours—Soviet Russia and Turkey—will not, in my opinion, take such an extreme step as openly to defy His Majesty's Government over the question of Henjam. But should she, contrary to all precedent and to my expectations, actually do so, His Majesty's Government could retaliate by at once officially demanding the repayment of the £2 million debt, and if necessary give publicity to the facts of the case. Again, she could independently of any eventual general treaty, temporise over the question and negotiate an *ad hoc* settlement. That Persia will need financial assistance before long seems to be almost certain, if her present economic policy is persisted in. The only source from which such assistance would be available is the Anglo-Persian Oil Company, and the great financial interest of His Majesty's Government in that company must inevitably give her a voice in such a matter. Dangerous as it is to prophesy, especially in the case of an oriental country, I am none the less of the opinion—the considered opinion—that the Persian Government will not force an issue over the question of Henjam.

6. In conclusion, I would point out that we have one definite advantage in not concluding a treaty in that until a new treaty is made the old Peace Treaty of 1857, with its perpetual most-favoured-nation clause, remains in force.

7. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.
R. H. CLIVE.

[E 3617/2312/34]

No. 13.

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 344.)

Sir,

Gulhek, June 30, 1931.

I HAVE the honour to inform you, with reference to my despatch No. 166 of the 19th April, 1930, that the Majlis on the 7th June passed a Bill with double urgency doing away with the Minister of National Economics and his Under-Secretary, Bayat, and placing in their stead three Under-Secretaries, each in charge of an independent department, but directly responsible to the President of the Council. The reason given for this reorganisation was that no single person could adequately perform the important duties devolving on the Minister of National Economics. It is generally believed, however, that Teymourache, in dismissing Samii and his deputy, wished to fasten on them the blame for the singular lack of success which has so far attended the enforcement of the Trade Monopoly Law—particularly as Samii never made any secret of his opposition to so revolutionary a measure.

2. Abdullah Khan Yassai, a Deputy, has been appointed to take over the Department of Commerce; Seyed Mehdi Khan Farukh, an ex-diplomat, that of Mines and Industry; and Seyed Ali Akbar Khan Hakimi, a landowner, that of Agriculture. Not one of these gentlemen seems to have had the slightest administrative experience, the choice of the last having been dictated by the fact that he has been growing cotton with more than average success in the neighbourhood of Tehran.

3. The three Under-Secretaries are already reported to be at daggers drawn owing to that unfortunate question of precedence, and what with the introduction of incompetent friends and relations to take the place of the few officials who knew their job, the confusion in the Ministry is said to be indescribable.

Copies of this despatch are being sent to the Government of India, His Majesty's Acting High Commissioner for Iraq and the Department of Overseas Trade.

I have, &c.
R. H. CLIVE.

[E 3621/151/34]

No. 14.

Sir R. Clive to Mr. A. Henderson.—(Received July 11.)

(No. 350.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 13 for the period ending the 1st July, 1931, compiled by the military attaché to this Legation.

Tehran, July 1, 1931.

Enclosure in No. 14.

Intelligence Summary No. 13 for the Period ending July 1, 1931.

1. *Majlis.*

NOTHING of importance has been discussed recently in the Majlis. Sanction was given for the employment of three Germans in the Ministry of National Economics, a chemist, an engineer, and a draughtsman. The Perso-Lithuanian Treaty was ratified. The optional clause regarding the statutes of the Permanent International Court of Justice at The Hague was agreed to by the Majlis. Complaints were made regarding congestion in the custom-houses, as goods are not being cleared under the present restrictions.

2. *Military.*

At the present time, on account of the peaceful conditions throughout Persia, except in the Maku area of Azerbaijan, troops are everywhere returning to their regular stations. The Nadiri and Pahlavi regiments, as already reported, have returned to Tehran from South Persia. The Kerman Regiment, having completed a tour in the vicinity of the Shibkuh ports for the purpose of disarming tribesmen, have arrived back in Kerman. Five hundred troops, including two pack artillery guns, have returned to Ahwaz from the Kuhgilu country.

3. *Anglo-Persian Oil Company.*

Mr. T. L. Jacks, resident director, arrived in Tehran on the 28th June on return from leave to England.

The company are making considerable reductions in their establishment and organisation in Persia. Some 50 per cent. of all personnel are being discharged, 600 Europeans and 9–11,000 workmen, and the organisation is being reduced to a maintenance basis. In every way, strict economy is being enforced throughout.

4. *Communications.*

(a) *Roads.*—The construction of the following road has commenced: from Kerej, 23 miles from Tehran on the main Kasvin road, up the valley of that name, following the river to Do Ab, the junction of the Kerej and Sharastanak Rivers. Thence, continuing up the Kerej River valley to Getchisar, over the main watershed to the Chalus valley, which is followed to the Caspian Sea.

(b) *Railways.*—M. van der Hulst, Belgian engineer, who took charge of the railway in Mazanderan last May from the German Construction Syndicate, has resigned and left Persia. Mr. Hidjume Soujooki, a Japanese engineer on contract with the Persian Government, has taken over charge of this line.

It is reported in the press that railway material to the value of 3 million tomans has been purchased on behalf of the Persian Government in Sweden. The purchase price is to be paid at Tehran within two years in krans.

5. *Civil Aviation.*

Mr. Travers, a senior pilot in the service of Imperial Airways, flew to Persia last week to survey and report on the Central Persian air route suggested by the Persian Government for the Imperial Airways Eastern service between Iraq and India in preference to the present coastal route. It is understood that Mr. Travers will report unfavourably on the above.

[6751]

6. Trade.

(a) The plant and material for a sugar factory has been purchased in Czechoslovakia at a cost of approximately 400,000 dollars. It is to be erected in the vicinity of Tehran within the next eighteen months.

(b) Soviet trade organisations are buying export certificates, which shows that they will resume sending imports into Persia in the near future. Under the present Government Trade Monopoly Law, no imports are allowed into the country unless the importers possess a certificate of export for an equal amount.

7. Education.

On account of the great difficulty in obtaining foreign exchange, it is estimated that 80 Persian students, privately completing their education in Europe, have been compelled to return to Persia.

8. Press.

The Tehran newspaper "Shafaq-i-Surkh" is publishing in serial form a translation of a book by an American, Durant, called "The Case for India." The book is aimed against British rule in India.

9. Kashan.

A private motor lorry was recently held up by bandits on the Sultanabad-Kum road. The driver is reported to have been killed and the contents of the lorry stolen. One or two outrages have recently occurred in the area east of the above road instigated by one Sayeed Tahir. He is a man of Kashan who escaped from prison in Tehran two months ago and has since been giving much trouble. A special party of amnieh (gendarmes) are attempting to capture him.

10. Fars.

Hussein Khan, Bahmai, who has held out against the Government in his strong fortress for several years, has recently been killed in a small encounter.

Mehdi Surkhi, the well-known outlaw, who was brought to Shiraz under promise of safe conduct from leaders of the Qashgai tribe, was publicly hanged on the 18th May.

Soulet-ud-Dowleh, the Qashgai leader, is at present in Tehran, where he represents a constituency of Fars in the Majlis. During his absence special efforts are being made to disarm the Qashgai. Five commissions have been formed, each composed of a military officer, an escort, and a civilian, and have been sent to various divisions of the tribe to superintend the handing over of arms.

PERCY C. R. DODD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, July 1, 1931.

[E 3672/453/34]

No. 15.

Mr. Dodd to Mr. A. Henderson.—(Received July 14.)

(No. 149.)

(Telegraphic.) R.

Tehran, July 13, 1931.

THE head of the English section of Ministry for Foreign Affairs asked to see me yesterday. As I suspected, he enquired on what terms Duzdap Railway could be reopened. He asked me for a copy of Sir R. Clive's letter dated 1st October stating terms of a final settlement of railway question, as it could not be traced in the archives (see my despatch No. 488 of 1930). After some conversation about the railway he remarked that general treaty could be concluded and signed if only lease of Tamb could be arranged. He spoke as if by direction of Minister for Foreign Affairs. As this statement was of such importance, verification from Minister for Foreign Affairs himself seemed essential. I saw the Minister for Foreign Affairs this morning.

His Highness stated that closure of the railway was causing inconvenience, and enquired why it had been closed and on what terms it could be reopened. I replied that Persian Government themselves rather than Government of India had closed it. The personnel were without food owing to Persian Government's restriction of imports, and had to be evacuated as permission to import had come too late. His Highness denied this, but I pleaded that relevant dates proved it. I gave him copy of the lost letter, and he enquired if its terms were still available. I reminded him that they were offered as an integral part of a general treaty settlement, and enquired if he could state any reason why railway question should be selected for separate treatment any more than, for instance, Bahrein, Henjam and the debt. He replied that we had created a new situation there, to which I retorted that the situation of the Bahreinis had also changed for the worse. He demurred to this on the usual lines. He argued also that telegraphs were being settled separately. I said that, on my view of the situation, I could not recommend to you a separate settlement. Why should Government of India lose £60,000 a year on a line of secondary importance and receive no concession in return? His Highness observed that my attitude was not kind, and if I refused to entertain question of reopening he would make his own dispositions. I replied that I would forward his enquiry to you, but could not recommend it. He insisted that, at least a provisional arrangement for working of line as before could be reached. I promised to telegraph, and meanwhile he will study the above-mentioned letter.

He informed me on my enquiry that he had given no authority for broaching Tamb question. He reminded me that suggestion of lease had been made by Minister of Court and disclaimed responsibility for it and for failure to pursue it.

(Repeated to Government of India, No. 101.)

[E 3673/453/34]

No. 16.

Mr. Dodd to Mr. A. Henderson.—(Received July 14.)

(No. 150.)

(Telegraphic.)

Tehran, July 13, 1931.

MY immediately preceding telegram.

1. I could detect no disposition at all to resume negotiations for a general treaty, and I cannot assure you that a refusal to reopen railway except by an arrangement forming an integral part of a general treaty would create such disposition. Inconvenience of closure to Persian authorities is confirmed by His Majesty's consul at Birjand, but I cannot gauge its precise value as a lever in negotiation.

2. We might select one of our desiderata, e.g., Henjam, and make satisfaction in respect of it a prior condition to reopening of railway.

3. Danger, as I see it, of refusal to reopen, even provisionally, is possibility that Persian Government might conceivably retaliate for creation of a "new situation" by creating a new situation for us, e.g., at Henjam, or in respect of Residency at Bushire—Minister for Foreign Affairs appeared rather angry.

4. Best course, which I recommend with all diffidence, is to recognise that general treaty is in abeyance, and, in return for a definite arrangement for railway on some such lines as letter above referred to, bargain for a satisfactory definite settlement of, e.g., Henjam Protocol. Persian Government seem eager to secure early reopening, and would prefer provisional arrangement on old conditions. If we refuse this, but show willingness to reach definite settlement without delay, they might concede a *quid pro quo* immediately.

(Repeated to Government of India, No. 102.)

[E 3826/18/34]

No. 17.

Sir R. Clive to Mr. A. Henderson.—(Received July 24.)

(No. 353.)

Sir,

Gulhek, July 4, 1931.

I HAVE the honour to report that the Shah received me in farewell audience on the 2nd July. The Minister of Court acted as interpreter.

2. After the usual complimentary remarks, I enquired about the coming visit of the Crown Prince to Europe. His Majesty said that His Royal Highness would go in September with three or four other Persian boys of about the same age, and he intended him to remain there at least three years. He already spoke French fluently, and he would now learn English. It was not yet decided whether he would have his headquarters in Switzerland or in the South of France. As I have already reported, Teymourtache will accompany the Crown Prince to Europe in September. I may add that the Crown Prince, who is 12 years and a half old, already drives a motor car. He is, very properly, not allowed to drive fast, but no one may overtake and pass his car.

3. I then said there was one question which I would like to ask His Majesty if he would permit me. I said that I had noticed with some anxiety in recent months that there appeared to be a growing anti-foreign, if not anti-British, feeling in certain influential circles in Tehran. I would cite two instances:—

I had now received reports from several British consuls in the provinces in which they stated that no officials other than the Governor or the Deputy-Governor had been allowed to attend their receptions on the King's Birthday on the 3rd June.

Again, in Kerman the newly-arrived Governor had made a speech, in which he stated that it was advisable for the people to have as little to do with foreigners as possible. I said I failed to understand the reason for such instructions. Might I, therefore, ask His Majesty if he was aware of them?

The reply given to me by Teymourtache, as coming from His Majesty, was as follows:—

His Majesty saw no reason for subordinate officials in the provinces to attend the celebrations by foreign consuls of their national days; the Governor would present his congratulations and that would be sufficient. What had it got to do, for instance, with the local judge or the local head of the Customs? The order, of course, did not apply exclusively to British consulates, but to all consulates. As regards the speech by the Governor of Kerman, His Majesty considered that in a small and backward town like Kerman there was no object to be gained by the people associating with foreigners; a consul was presumably there to protect the interests of his compatriots, and in his official relations he would obviously come in contact with the proper Persian officials, but there was nothing to be gained by extending social intercourse beyond this.

4. I made no comment on these remarks, as there was nothing to be gained by entering into a discussion of the subject with His Majesty. I thought it better to reserve this for my conversation with the Minister of Court next day. His Majesty then referred to reports which he had received from London, in which it was stated that the general feeling towards Persia was not very friendly. I said that I was extremely surprised to hear this, and I could assure His Majesty that these reports must be based on a misconception. The feeling towards Persia had, so far as I am aware, in no way changed. Both my predecessor and I had repeatedly assured His Majesty that His Majesty's Government wished for nothing better than to see a strong and united Persia and to entertain the most friendly and cordial relations with her. His Majesty's Government had given ample evidence of this feeling during the last ten years. The Shah replied that was very glad to hear me say this, as, of course, he wished for nothing better than the most cordial relations with Great Britain, and that he looked forward before long to the conclusion of the treaties which had been under discussion for the past three years. I replied that His Majesty's Government would be quite ready to resume negotiations for these treaties, but the next word must obviously come from the Persian side. No answer had been received to the communication which

had been made as long ago as last February, and since my return in the end of March no sign had been given of any desire on the Persian side to resume these negotiations. Teymourtache was obviously bewildered as to how to reply to my last remark, and said to me that His Majesty was unaware that there had been any further communication on the subject of the treaty since I left last autumn. At the termination of the audience I begged leave to express my best wishes for the prosperity of Persia and to His Majesty personally, and said that I felt certain that it was in the best interests of our two countries to have no misunderstandings, and that I hoped the clouds which appeared for the moment on the horizon would very quickly be dissipated. His Majesty smiled appreciation of these remarks, wished me *bon voyage*, and asked to be remembered to Lady Clive.

5. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.

R. H. CLIVE.

[E 3827/18/34]

No. 18.

Sir R. Clive to Mr. A. Henderson.—(Received July 24.)

(No. 354. Confidential.)

Sir,

Gulhek, July 5, 1931.

I PAID a farewell visit yesterday afternoon to Teymourtache at the old Telegraph Department house in Gulhek, which he recently purchased.

2. His Highness began by telling me that after arranging for the disposal of the Persian Crown Prince in Switzerland or the south of France he proposed to pay a visit to England, particularly with a view to placing his 16-year-old daughter in an English school. I learn, however, on the best authority that his Highness has stated his intention to resume negotiations for the treaty in London together with Ansari, the newly-appointed Minister.

3. I then spoke to him on the subject of Anglo-Persian relations and referred to the reply which His Majesty gave to me the day before when I enquired the reason why Persian officials were forbidden to attend celebrations at foreign consulates on their national fête days. I said I could not help finding His Majesty's reply very unconvincing. What was His Majesty afraid of that he should authorise the issue of such instructions to Persian officials? Was it his wish that all social intercourse between foreign consuls and Persians should cease, except in so far as their official duties required it? Everybody realised that Persia was passing through a phase of somewhat extreme nationalism and the impression was growing among my colleagues that it was the definite wish of the Persian Government to get rid of foreign firms out of Persia and replace them, presumably, by Persian agents. Recent legislation, which involved new taxation, appeared to be aimed at the foreigner. The article in the Income Tax Law with regard to the tax payable by companies practically only involved the Anglo-Persian Oil Company. Persian companies, to all intents and purposes, did not exist. Again, the new registration tax to be levied on the paid-up capital of each company would really only hit the foreigner. It seemed to me doubtful whether a firm like the Ottoman Bank, who, to my knowledge, had made no profits in Persia during the last twelve months, would find it worth while to pay several hundred pounds for registration. Was it the object of the Persian Government to see the disappearance of an institution like the Ottoman Bank? The Monopoly Law had, up to the present, resulted in the closing down of three of the chief foreign shops in Tehran and of the Italian Transport Company. I said quite frankly I failed to understand the advantage to Persia of the present attitude towards foreigners. His Highness then entered into a long explanation in which he endeavoured to show that recent Persian legislation was not anti-foreign, it was merely pro-Persian; that Persia had suffered so long under the domination of the foreigner that it was high time she should show complete independence—that was His Majesty's wish. I then returned to the question, more especially, of Anglo-Persian relations. I said that on my return in March I had found the general atmosphere so completely changed since I left, only five months before, that I was at pains to account for it. The recall of two senior

[6751]

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British officials had been demanded; the most outrageously libellous attacks had been made on the oil company by a journalist who was an intimate friend of his Highness and who regularly accompanied the Shah on his tours. The Trade Monopoly Act not only nullified our Tariff Autonomy Treaty, but in one of the articles of the regulations attached to it most definitely infringed the arrangement come to with the Imperial Bank a year before by monopolising exchange transactions with the National Bank. The recent speech of the Governor of Kerman, that Persians should not have anything to do with foreigners, could really only refer to British subjects; the British was the only consulate in Kerman, where there was also a branch of the Imperial Bank, a branch of the Church Missionary Society and a number of Indian traders. There were practically no other foreigners there. Finally, since my return no reference whatever had been made by himself or the Minister for Foreign Affairs to the question of our treaty negotiations. My letter to him of last February still remained unanswered, and in these circumstances it would be difficult for me, even if I should attempt to do so, to convince my Government that the feeling in the highest circles in Tehran was not definitely anti-British. This did not apply to the provinces or even to other circles in Tehran, where I had found no feeling against my country, but as I was leaving in a few days, after nearly five years in Persia, I could not but feel that the present state of affairs was extremely discouraging. His Highness, in reply, began by a long defence of the Trade Monopoly Law. He said that Persia was not free to increase her tariff until 1936. Otherwise, largely increased duties would have been placed on articles of luxury. To get over this difficulty, therefore, he found no alternative but the Trade Monopoly Law, which was not inconsistent with any treaty. To this I most strongly demurred and quoted article 4, paragraphs 2 and 3, of the Tariff Autonomy Treaty, whereby either country was entitled to limit imports to protect their vital interests, but such prohibition must be of a limited duration, unless the extraordinary circumstances which justified such prohibition in the first place continued more or less indefinitely. In fact, I said, if the Persian Government were going to make a habit of getting round their treaty obligations in this way I could not help feeling that other countries would be very chary of making any further treaties with them at all. His Highness became excited at this remark and said that my insinuations were quite unjustified; I declined to admit this and asked him whether on mature consideration he did not believe that Persia would have been better advised to have left the exchange free and put no restrictions on commerce at all; as it was, in his fictitious trade balance he had entirely omitted the Anglo-Persian Oil Company's oil royalty, which was really payment in another form for the oil exported. Moreover, with a free exchange, so the bankers told me, the kran could probably have been maintained at somewhere round 90 to the £1, instead of the bazaar rate of to-day of 110. Again, with the kran at a discount of 75 per cent., imports of luxuries would automatically have been checked. The man who last year paid 30 tomans for a gramophone would not be prepared to-day to pay 50. Similarly, the low value of the kran must automatically stimulate exports. I could tell him that I had met nobody with whom I had come in contact who did not consider that Persia would have been far better off with no restrictive legislation such as that for which his Highness was responsible. His Highness replied that I had entirely overlooked one factor, namely, Soviet Russia; with a free exchange, the Russian Bank would have bought up all the exchange available at any price and this would still further have depreciated the kran. I said this surely was an assumption on his Highness's part, and I doubted whether the Russian Bank were in possession of such a large amount of krans as to enable them to buy up all the exchange available. In any case, other measures, it seemed to me, might very well have been adopted to meet this potential danger.

4. His Highness, after repudiating my suggestion that he had inspired the articles against the oil company, then referred to the treaty, and argued that it was just as much in British as in Persian interests to make it, but that unless we were prepared to make very considerable concessions it would not be worth while for Persia even to consider it. I expressed great surprise at this remark, which I said appeared hardly consonant with the facts. His Majesty's Government had gone a very long way to meet Persia's wishes, but the more we offered the more insatiable became the Persian Government's demands. In any case, a great many points had been provisionally settled, and His Majesty's Government held

that if there were any genuine wish on the Persian side to conclude the treaty the whole thing could be settled in a month or two. In any case, I said, negotiations were now in abeyance, and it would be for the Persians to make the next move if they wished them to be resumed.

5. The conversation ended on a less contentious tone, and the usual polite remarks were exchanged before I took my leave. I regret, however, to say that the impression left on me by this conversation was one of complete insincerity and bad faith on the part of the Minister of Court.

6. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.

R. H. CLIVE.

[E 3710/139/34]

No. 19.

Sir R. Clive to Mr. A. Henderson.—(Received July 16.)

(No. 355.)

Sir

Gulhek, July 6, 1931.

UNDER cover of my despatch No. 245 of the 19th May, I had the honour to transmit to you copies of correspondence exchanged with the Persian Ministry for Foreign Affairs in connexion with the brutal flogging of one Mukhtar Yusaf, a British Indian subject, by the Persian military authorities at Charbar. I enclose herewith a copy of the reply which I have now received to my latest protest on the subject.

2. This extremely unsatisfactory document emanates from the English section of the Ministry, the head of which, Ghaffar Khan Jellal, is a relatively well-disposed official, who can be relied upon to be helpful whenever he dares. The reply illustrates clearly the complete subservience of the Ministry for Foreign Affairs, as of all other civil departments of the State, to the military authorities, who consider themselves above the law and will brook no criticism of their frequently unwarrantable actions. I have before now had occasion to report to you many serious cases of high-handed and brutal behaviour towards British subjects and British protected persons by the Persian military authorities, and, as you are aware, this Legation has in no case, in spite of energetic and repeated protests, been able to secure adequate redress. The affair of Mukhtar Yusaf is the most serious incident of this kind which has so far been brought to my notice, and it presents so many disquieting features, that, in my view, it should be taken up as a test case. Apart from the question of prestige, which is evidently involved, I consider that it would have a definitely prejudicial effect on the safety and personal liberty of British subjects in Persia if the astounding arguments adduced in Feroughi's note, which seeks to establish a new doctrine of the irresponsibility of the Persian Government for the lawless and criminal actions of Persian soldiers, were not challenged in the strongest terms.

3. The draft reply, which is also enclosed herein, will be seen to be couched in emphatic language; I am convinced that nothing less emphatic would even be passed on to the competent military authorities. It will be seen to contain a threat of publicity (this could, of course, be by way of question and answer in the House of Commons). I believe that at this stage nothing short of such a threat will stand the slightest chance of achieving the desired result. The Persian Government are well aware of the advantages which Persia derives from her somewhat unaccountable reputation in the West as a civilised modern State, and much as they are incensed by any aspersion on that reputation, they are correspondingly anxious to preserve it from the revealing light of impartial publicity. The facts of this particular case are not, in the main, disputed by them, and they are of a sort of which the more decent element in the Council of Ministers must necessarily be much ashamed. I do not consider that, in these circumstances the use of the threat proposed would entail much risk of the necessity of implementing it, but I have thought it best to submit the draft to you first for your approval.

4. There is one point on which it is perhaps necessary to add a word of explanation. The reported dismissal of the officer commanding at Charbar from

[6751]

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his post does not, as I have already pointed out to Feroughi, afford the injured man the least consolation or compensation for his sufferings. It would be rash, however, to conclude that even this purely disciplinary punishment had really been put into genuine effect. The officer has no doubt left Charbar, but, in present conditions in South-East Persia, I have no means whatever of ascertaining what becomes of him, and I should be by no means surprised to learn that he had been given a better post elsewhere.

5. In conclusion, I may say that instances of military arrogance and general high-handedness are by no means confined to the outlying provinces, nor are the victims of such treatment to be found only among persons in humble circumstances. One member of my staff was actually fired at two years ago without warning by a Persian soldier, as he was riding in the open plain just outside Tehran, within a few hundred yards of a mud fort. Persian soldiers have twice had the insolence to point their rifles at me, once when I was riding near the military aerodrome (a building of not the least interest from any point of view), and again when I was proceeding by car along a public road through one of the Shah's own estates. Less than a week ago, the honorary attaché at this Legation was molested on a public mule-path in the Elburz by one of the Shah's gamekeepers, and, in the ensuing altercation, after he had been threatened with a loaded gun at full cock, came near to receiving a serious injury through being pulled backwards down a precipitous and boulder-strewn path. Of the other members of this Legation there is not one of over a year's residence who has not had to brook some form of insolence at the hands of Persian soldiers, and the same remark may be safely held to apply to the bulk of the Diplomatic Corps in Tehran. Some of these cases I have mentioned privately to Feroughi or his predecessors, others I have ignored, since the result is the same: a ready apology from the civil authorities, but no indication that the matter has even been mentioned to the military authorities, who alone are responsible for this state of affairs. His Majesty himself, it will be remembered, belongs to precisely that military type against which such complaints are directed, and his accession to sovereignty has certainly not lessened the natural brutality of his character.

6. You will realise that, psychologically, there is much to be gained by returning as soon as possible a reply to the note which forms the enclosure to the present despatch, and I therefore have the honour to request that I may be informed at an early date whether the enclosed draft is approved, or, if not, what further action you wish to be taken in the matter.

7. I am sending copies of this despatch with its enclosures to the Foreign Secretary to the Government of India and to His Majesty's consular officers at Bushire and Meshed.

I have, &c.
R. H. CLIVE.

Enclosure 1 in No. 19.

M. Feroughi to Sir R. Clive.

(Translation.)

M. le Ministre,

Tir 3rd, 1310 (June 25, 1931).
WITH reference to your Excellency's note, No. 234 of Ordinehesht 28th, 1310 (the 19th May, 1931), in connexion with the compensation asked for Mukhtar Yusaf, the Indian, I have the honour to inform you that it would appear from correspondence with the competent quarters on the subject that, although the soldier had acted insolently towards the Indian, the rudeness and coarseness were first commenced by Mukhtar Yusaf, and, as the action taken by the soldier was not in fulfilment of his governmental duties, his superiors cannot be held responsible for the evil consequences of the same, and that, as the soldier is not well off, he is not personally able to pay any compensation, should even this be reasonable.

The General Staff of the Army, besides dismissing the General Officer Commanding from the post of the chief of garrison of Charbar for having arrested the Indian for his rudeness and coarseness to the soldier, a matter which was outside the limits of his (General Officer Commanding's) powers, has, in this particular case, shown tolerance and abstained from asking for the punishment of the Indian for his unwarrantably rude and insolent behaviour.

While taking into consideration the steps taken by the competent quarters with regard to the dismissal of the General Officer Commanding, and the exceptional behaviour shown by them (competent quarters) in not insisting on the punishment of the Indian, I feel confident that your Excellency will admit that there is no grounds to prosecute the matter further.

I avail, &c.
FEROUGHIL.

Enclosure 2 in No. 19.

Draft Note to M. Feroughi.

M. le Ministre,

I HAVE the honour to acknowledge the receipt of your Highness's note of the 25th June (Tir 3rd) regarding the case of one Mukhtar Yusaf, a British Indian subject, who was flogged in circumstances of great brutality by the military authorities at Charbar.

I have read this note with the greatest surprise, both at its tone and purport, and I still find it difficult to believe that the Persian Government attach so little importance to a reputation for just dealing as to refuse compensation on the grounds adduced. Your Highness refers to the alleged insolent behaviour of the unfortunate victim of this outrage. I may say at once that I am far from convinced that the man was guilty of any such offence, having heard in support of this allegation only the statement of persons in whose obvious interest it was to find some pretext for their unwarrantable conduct. But that point is, after all, of secondary importance only; there is no difference of opinion as to the treatment which the Indian received, and there can be no difference of opinion as to the fact that such treatment was entirely incommensurate with his alleged offence. On the unquestioned testimony of the competent medical authority, the man was flogged with such brutality that his life was for some time in danger. In face of this positive fact, I am amazed to note that your Highness describes the conduct of the soldier as merely "self-willed" or "headstrong," and praises the "tolerance" of the military authorities in not demanding still further punishment for the offence which Mukhtar Yusaf is alleged on their unsupported testimony to have committed.

Your Highness remarks that, since the action of the soldiers was not taken "in the performance of his governmental duties," his superiors cannot be held responsible for the evil consequences which ensued. As I pointed out in my last note on this subject, my information is to the effect that it was definitely on the orders of the General Officer Commanding at Charbar that the flogging was administered, and this seems to me intrinsically far more probable than that a private soldier should have so acted on his own initiative. But in either event it is, in my opinion, entirely inadmissible that the Persian Government should seek to evade their responsibilities on such a pretext. Both the private soldier and the General Officer Commanding are servants of the Persian Government; neither would have been in a position to arrest and flog Mukhtar Yusaf if he had been a private civil individual. It was as the paid servants of the Government that they were enabled to commit this act of violence, and it is hence only just that the Government should assume the moral and financial responsibility for the acts of its servants. To decline to do so constitutes a very serious departure from the custom of all civilised countries, and casts grave doubts upon the conception which the Imperial Government, as the organ of a civilised State, are bound to hold of their duties in regard to the security of foreign subjects resident within their borders. Were the Persian Government to persist for the reasons given in their refusal to pay compensation, I should be bound in logic to conclude that they would equally decline all responsibility in the event of some British resident of Tehran being arrested and flogged within an inch of his life by the local military authorities. In all essential respects the cases would be parallel; in such an event the Imperial Government would, I have no doubt, repudiate the action of the officer responsible, but would they, by virtue of that repudiation, consider themselves absolved from all further responsibility in the matter? In the light of the arguments advanced in your Highness's note under reference, I am forced to conclude that they would, and the conclusion cannot fail to cause His Majesty's Government serious concern for the safety of British subjects in

this country. The incident in question, and the nature of the correspondence to which it has given rise, have already made a deplorable impression on His Majesty's Government, and I can assure your Highness that the fate of a British Indian, however humble his circumstances, is by no means a matter of indifference to them. Were they to find themselves unable to obtain satisfaction through the diplomatic channel, they would be bound, if only in justice to the victim, to consider seriously the expediency of giving the whole case a large measure of publicity. From such a course they would be much averse, since they attach importance to the maintenance of friendly relations with the Persian Government, but it is impossible not to conclude that your Highness's note is in itself an indication that these same relations already leave much to be desired. I therefore request your Highness most earnestly to cause the competent authorities to reconsider the matter, and to remove the regrettable impression already caused by allotting to the victim of the incident an adequate sum in compensation for his sufferings. I shall await with great interest your Highness's reply acquainting me with the result of your representations to that end.

[E 3776/328/34]

No. 20.

Mr. Dodd to Mr. A. Henderson.—(Received July 21.)

(No. 155.)

(Telegraphic.)

Tehran, July 20, 1931.

THE German Minister called to see me by appointment this morning in order to give me following information: The Minister of Court told him in conversation yesterday that he had intimated to Sir R. Clive that foreign trade monopoly would be kept in force until 1936, and that reason for its introduction was refusal of His Majesty's Government, relying on their tariff autonomy treaty, to concede to Persian Government liberty to modify their tariff. The German Minister, guessing that both statements were fictions, pressed Minister of Court to confirm them, and the latter prevaricated, suggesting that he had only given hints in this sense to Sir R. Clive, since he was not able to "run after" the British Minister.

German Minister believes that Monopoly Law was directed mainly against Soviet Government, and that Minister of Court has now come to realise that it is an ineffective weapon against them. It was also intended to bolster up exchange, and has failed to do that. German Minister concludes that Minister of Court would like to repeal Monopoly Law and is manœuvring for a move by another party which would enable him to do so (a) without losing face, and (b) while yet gaining freedom to adopt other means for protection of Persian interests. Meanwhile, the odium incurred owing to Monopoly Law may be shifted on to His Majesty's Government.

German Minister begged me not to betray his confidence to Minister of Court, but the latter may well have hoped that his hint would be passed on to me.

German Minister considers that almost any tariff would be better for German trade than the present régime, while the French might be able to import at least something. He presumes that British trade would also benefit.

If Persian Government approach me directly with offer to abolish Monopoly Law in return for concession of tariff modification, should I give them any encouragement? So far as form goes, I should propose to reply that Persian Government did not consult His Majesty's Government in introducing the measure, and His Majesty's Government cannot be made a party to its abolition. It is illegal in any case. To attempt to make His Majesty's Government share responsibility for it at this stage is blackmail, and His Majesty's Government will not yield to it. If Persian Government want to abolish it they are presumably consulting their own interests and they are free to do so. They may then propose negotiations for tariff modification with a clean slate, but His Majesty's Government will be entitled to some compensation elsewhere.

As for merits of the question, the disadvantages of existing régime will, of course, have to be carefully weighed against those of a revised tariff with its probable modifications as affecting British trade.

(Repeated to Government of India, No. 107.)

[E 3788/3059/34]

No. 21.

Earl Granville to Mr. A. Henderson.—(Received July 22.)

(No. 568.)

Sir,

Brussels, July 16, 1931.

WITH reference to your despatch No. 435 of the 10th July last, relative to the engagement of Belgian financial experts by the Persian Government, I have the honour to inform you that M. Clavier is well known to the commercial secretary of this Embassy, who reports that he is very clever but somewhat of a bureaucrat. M. Reyntiens considers that he is the sort of man who would do his best to see that the Persian Government would extract the last penny out of the taxpayer. M. Lefébure has been Assistant Director of Inland Revenue at the Ministry of Finance, where M. Clavier was Director-General of Taxation. M. Smets is a "chef de bureau" and an accountant. The Belgian experts are stated in the press to have just left for Persia.

2. Meanwhile, a Persian economic mission is here, and I have the honour to enclose copies of an article from the "Matin" of Antwerp of the 11th July, giving an interview with the members of this mission.⁽¹⁾

I have, &c.

GRANVILLE.

⁽¹⁾ Not printed.

[E 3710/139/34]

No. 22.

Mr. A. Henderson to Mr. Dodd (Tehran).

(No. 118.)

(Telegraphic.) R.

Foreign Office, July 22, 1931.

SIR R. CLIVE'S despatch No. 355 of 6th July: Ill-treatment of a British Indian by Persian military authorities at Charbar.

You may act as proposed.

[E 3320/455/91]

No. 23.

India Office to Foreign Office.—(Received July 23.)

Sir,

India Office, July 22, 1931.

I AM directed by the Secretary of State for India to transmit to you, for the information of the Secretary of State for Foreign Affairs, copy of a despatch from His Majesty's consul-general, Bushire (with enclosure) dated the 5th May, on the subject of the treatment of Bahrein subjects resident in Khuzistan.

I am, &c.

S. F. STEWART.

Enclosure 1 in No. 23.

Consul-General Biscoe to India Office.

(Confidential.)

Sir,

Bushire, May 5, 1931.

I HAVE the honour to forward herewith, for the information of His Majesty's Government, a copy of my despatch of to-day's date and of its enclosure to the Foreign Secretary to the Government of India regarding the treatment of Bahrein subjects resident in Khuzistan.

I have, &c.

H. V. BISCOE, *Lieut.-Colonel,*
Political Resident in the Persian Gulf.

Consul-General Biscoe to Government of India, Simla.

(Confidential.)

Sir,

Bushire, May 5, 1931.

I HAVE the honour to address the Government of India regarding the treatment of Bahrein subjects resident in Khuzistan. Many of these Bahrein subjects have been settled in Khuzistan for twenty or thirty years and some of them longer. They fall within two categories: (a) Agriculturists who have acquired date gardens and are chiefly settled in the Gueba area opposite Fao, near the mouth of the Shatt-al-Arab; and (b) petty merchants, shop-keepers, &c., who live in Mohammerah town.

2 When the Persian authorities started some years ago on their present reforms and required all Persian subjects to register themselves and to wear certain prescribed clothing, the question arose of the nationality of these Bahreinis. The Persian authorities, in support of their claim to Bahrein, contended that they were Persian subjects and brought considerable pressure upon them in various devious manners to register as Persian nationals. The Bahreinis for some time resisted these efforts and the matter was ultimately referred to His Majesty's Legation and was discussed by Sir Robert Clive with the Minister of Court. In this connexion I would invite a reference to Sir Robert Clive's despatch No. 476 of the 18th September, 1929, to His Majesty's Principal Secretary of State for Foreign Affairs, of which a copy was sent to the Government of India. In that despatch His Majesty's Minister reported that he had received an assurance from Teymourache that, pending a solution of the Bahrein question, the Bahreinis should be left in peace. I regret to report that, whatever instructions to this effect may have been issued by the Persian authorities at Tehran, the local authorities in Khuzistan have certainly not acted up to them. His Majesty's vice-consul at Mohammerah informed me during the winter of 1929-30 that the Bahreinis were being subjected with every kind of petty annoyances in Mohammerah that the ingenious minds of the Persian police could devise, and that great pressure was being put upon them to adopt Persian nationality.

3. When I went to Bahrein in December 1929, strong representations were made to me by the local Shia priests regarding the treatment accorded to Bahreinis in Mohammerah; and on each occasion that I have visited Mohammerah I have received deputations of Bahreinis seeking my support against the Persian authorities.

4. The most flagrant case of ill-treatment of Bahreinis at the hands of the Persians is that of one Haji Hamid. This individual was deported to Iraq by the Persian authorities and his case has formed the subject of repeated representations by His Majesty's Minister, but so far without effect. On arrival at Basrah, after having been taken to task by the Persian consul for his lack of patriotism in saluting the British vice-consul at Mohammerah in a public place, he was promised a safe conduct on condition that he asked for a passport as a Persian subject. He refused to comply with this demand, but submitted a request for a passport giving his national status as being that of a Bahreini born at Bahrein. A few days later the Persian consul told the British consul at Basrah that he had received authority to issue to persons of dual nationality, who wished to proceed to Persia, special permits, making no mention of the nationality of the individual concerned, and that in his opinion Bahreinis were to be considered as coming within this category. However, the passport issued to Naji Hamid by the Persian consul described him as being a "Mohammerahi," born at Mohammerah. With this document Naji Hamid returned to Mohammerah where, however, two or three days later he was arrested by the Persian authorities and put on a ship for Bushire. When the vice-consul at Mohammerah enquired the reasons for this action he was told that it was done under the express orders of the Central Government. Naji Hamid naturally did not desire to get off at Bushire, where he would assuredly have been arrested, and proceeded to Karachi. On arrival there, as he was not in possession of a passport, he was fined 15 rupees by the local police and put on board the steamer and sent back to Basrah, where he still is. I have since taken up his case with the Commissioner in Sind, who kindly obtained for me a refund of the fine imposed on this unfortunate

individual, who, however, is still at Basrah unable to pursue his normal commercial activities at Mohammerah.

5. When I visited Mohammerah in October last, further specific cases of pressure being brought to bear on Bahreinis came to my notice, and were reported to His Majesty's Minister and the Government of India in my telegram of the 31st October, 1930 (copy enclosed for ready reference). As a result of that telegram urgent representations were made to the Persian Government by Mr. Parr in his note of the 4th November, 1930, but hitherto without effect, and the Persian authorities, so far from in any way modifying their previous attitude or attempting to implement the assurance given to His Majesty's Minister, have been more active than ever in harassing these unfortunate people. As a result of their action and the apparent powerlessness of the British authorities to protect them, a number of these Bahreinis have accepted Persian nationality papers whereupon the Persian authorities have gone further and have promptly conscripted the younger members of the community for service in the Persian army, and His Majesty's vice-consul, Mohammerah, where I recently proceeded in order to discuss this matter, informed me that some thirty of them had been sent off to Ahwaz. His Majesty's acting consul at Ahwaz referred the matter to His Majesty's Minister, but has been informed in reply that, as these individuals had taken out Persian nationality papers, nothing could be done for them.

6. On the other hand two Bahreinis, by name Jafer and Aziz, aged respectively 17 and 24, sons of one Abdul Syed an undoubted Bahrein subject, refused to accept Persian nationality papers and were imprisoned on the 28th April by the Persian authorities. They were still in prison when I left Mohammerah. His Majesty's vice-consul had attempted to intervene informally with the Governor of Mohammerah on their behalf, since there had been a working arrangement with the Governor that while he would not accept official representations from the vice-consul on behalf of Bahreinis, he would be willing to listen to informal representations on their behalf, but on this occasion Dr. Lincoln received a verbal message from the Governor that he would not discuss the question of Bahreinis with him either formally or informally.

7. The leading members of the Bahreini community came to see me when I was in Mohammerah and asked me what they should do. As I was unable to hold out any hope for them that the British authorities would protect them, the only advice that I could give them was to accept Persian nationality papers under protest and to register their protest at the vice-consulate in each individual case so that when the question of Bahrein is ultimately settled there will be a definite record in the case of each individual that he registered under compulsion.

8. These Bahreinis, as explained above, come under two categories—agriculturists and traders. The former category do not, I think, deserve much sympathy. I have informed them on several occasions that under Persian law foreigners are not allowed to own agricultural land. It is true that in Sheikh Sir Khazal Khan's days this law was not enforced in the case of Arabs in Khuzistan, but those days are now past and the Persian law on the subject is well known, I believe, to every foreigner. I have told them that, as long as they are infringing the Persian law, it is not possible for me to do anything for them; they are seeking to get the best of both worlds; the advantages of Persian nationality without its drawbacks. This they cannot have. They should, I think, be informed that until they divest themselves of their agricultural lands they cannot claim the privilege of Bahrein nationality.

9. The others, however, are on a totally different footing. Foreigners are allowed to own shops, warehouses and dwelling houses, and that is all that most of these individuals possess, and in view of the fact that we control the foreign affairs of the Bahrein State, and are responsible for the protection of their nationals abroad, I would strongly urge that it is incumbent upon the British Government to put an end to the persecution of these Bahrein subjects. I need hardly say that our powerlessness to protect Bahreinis is most strongly criticised in Bahrein and has a bad effect on our general position on the Arab coast.

10. As a means of bringing pressure to bear on the Persian Government I would suggest that unless they undertake definitely to release these Bahrein subjects already conscripted and to cease at once their further persecutions of Bahreinis in Khuzistan until the question has been finally settled, they should be informed that the special privileges at present enjoyed by Persians resident in Bahrein, under which they are subject only to the jurisdiction of the Political

Agent and not to that of the Bahrein authorities, will be discontinued, and that they will be treated in all respects as Bahrein subjects. I doubt whether the ruling authorities in Persia are very deeply interested in the fate of their compatriots in Bahrein, but I think they would regard the abolition of the Capitulations (if I may so describe it) in Bahrein as a blow to their *amour propre* and I doubt if it would be necessary to put the threat into execution. In practice, it would probably be more convenient, in the first instance, merely to make a Bahrein warrant operative in the case of Persians resident in Bahrein and then arrange with the Bahrein authorities to hand them over to the Political Agent for trial. This, however, is an administrative detail which could be considered later in the improbable event of some action of this kind being necessary.

11. I am aware that there are large considerations involved in this question, but I would urge that it is incumbent upon His Majesty's Government to take measures to protect a community who are entitled to claim their protection. I trust, therefore, that my representations will receive a sympathetic hearing and that something will be done on behalf of these people.

12. I am sending copies of this despatch to His Majesty's Secretary of State for India, His Majesty's Minister at Tehran, the Political Agent, Bahrein and His Majesty's consular officers at Ahwaz and Mohammerah.

I have, &c.

H. V. BISCOE, *Lieut.-Colonel,*
Political Resident in the Persian Gulf.

Enclosure 3 in No. 23.

Political Resident, Mohammerah, to His Majesty's Minister, Tehran.

(Telegraphic.) R.

October 31, 1930.

PRESSURE is being brought on Bahreinis to register as Persian subjects, and some of them came to see me to-day. Following incidents have occurred recently:—

Security has been taken from two men that they will appear, one to-day and one within four days, to take out Persian papers. A third was imprisoned for twenty-four hours and then took out papers under pressure. Police authorities have confiscated one passport issued by consul, Basra, to one Bahreini and a certificate of identity issued at Mohammerah to another and a certificate issued by the Sheikh of Bahrein to a third.

In view of the undertaking given by Minister of Court that Persian authorities would cease registration and other forms of pressure pending result of negotiations, *vide* telegram of the 5th November, 1929, sent by Minister to me through vice-consul, Mohammerah, I trust it will be possible to get urgent orders issued to local authorities to cease registration and maintain *status quo*.—
RESIDENT.

(Repeated to Government of India, New Delhi.)

[E 3829/453/34]

No. 24.

Sir R. Clive to Mr. A. Henderson.—(Received July 24.)

(No. 357.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copies of extracts from the Meshed consular diary for the period ended the 30th June, 1931, and of a note from the Persian Minister for Foreign Affairs, dated the 2nd July, 1931, on the subject of the Duzdap Railway.

Tehran, July 6, 1931.

Enclosure 1 in No. 24.

Extract from Meshed Consular Diary for the Period ended June 30, 1931.

" THE Russians are overjoyed at the news of the Duzdap Railway, and have been spreading the glad tidings in the town.

" The news that the Duzdap Railway was about to cease functioning in Persian territory was received with incredulity by Persian merchants.

" The Governor-General addressed the consul-general on the subject, and was informed that, according to information received, the train would run only as far as Nok Kundi, but that, as far as he was aware, the question was still under discussion with the Persian Government. The Governor General passed on this news to the traders.

" The new arrangement has disconcerted the carpet exporting firms, such as the Oriental Carpet Manufacturers and Shahinantz, and certain Persian traders state that it will cause them loss, but the Indian community appear at present to be quite unperturbed. An Indian trader went so far as to tell His Britannic Majesty's consul-general that he made much better profits before there was a railway to Duzdap.

" The fact of the matter is that in spite or because of the trade restrictions, certain firms dealing in wines and stores are making huge profits. The chief difficulty is to get profits out of the country.

" A Sikh firm, however, reports that lack of business has reached such a pitch that they have already closed their Birjand branch, and will close their Meshed business as soon as they have collected outstandings. They will keep open their Duzdap branch, transferring it if necessary into British territory. Lack of business is caused by trade restrictions, and has no connexion with the Duzdap Railway."

Enclosure 2 in No. 24.

(Translation.)

M. Feroughi to Sir R. Clive.

M. le Ministre,

July 2, 1931.

IN continuation of previous correspondence, I have the honour to inform your Excellency that the Imperial Government have considered the list of food-stuffs which are usually imported for the use of the members and employees of the Zahedan Railway, and, in view of the interest the Persian Government take in assuring the tranquillity of these employees, the Persian Government may exceptionally authorise the import of the articles mentioned in the attached list without any undertaking being made for the export (of goods).

I shall be obliged if you would be so good as to inform me of the quantity and amount of each of the articles in question, so that steps may be taken for the issue of the required permission.

I avail, &c.

FEROUGHI.

Annex to Enclosure 2.

Articles the Import of which may be Authorised.

Sugar, preserved fruits, potatoes, butter, molasses, pepper, pimento, dried "legumes," preserved "legumes."

Articles the Import of which cannot be Authorised.

Flour, salt, rice, onions, firewood, lucerne.

[E 3831/18/34]

No. 25.

Sir R. Clive to Mr. A. Henderson.—(Received July 24.)

(No. 361.)

Sir,

Gulhek, July 8, 1931.

I HAVE the honour to enclose copy of a letter which I received this morning from the Minister of Court in reply to the memorandum I sent him on Anglo-Persian relations on the 20th April, and of which a copy was enclosed in my despatch No. 184 of the 22nd April.

2. I have only had time before my departure to glance through his Highness's letter, but I hardly think, even from this cursory survey, that any detailed criticism is required.

3. I am sending a copy of this despatch, with its enclosure, to the Foreign Secretary to the Government of India.

I have, &c.

R. H. CLIVE

Enclosure 1 in No. 25.

Teymourache to Sir R. Clive.

Mon cher Ministre,

Le 6 juillet 1931.

LA lettre que je vous envoie aujourd'hui a été commencée le 11 juin écoulé et je l'ai finie il y a quelques jours. J'ai hésité un certain temps de vous l'envoyer jugeant que, presque à la veille de votre départ, il serait, peut-être, peu opportun de vous la remettre. Mais, réflexions faites, je vous l'envoie, afin qu'une pièce telle que votre aide-mémoire donnant la revue de relations anglo-persanes pour une longue période de dix ans ne reste pas sans réponse dans les dossiers de la Légation.

Très cordialement à vous,
TEYMOURACHE.

Enclosure 2 in No. 25.

Teymourache to Sir R. Clive.

Mon cher Ministre,

Le 11 juin 1931.

JE vous demande d'abord pardon de vous adresser si tardivement ma réponse à votre lettre du 20 avril écoulé et à l'aide-mémoire y annexé. Le peu de temps que j'ai et mon absence de Téhéran en sont les causes.

Cette lettre étant l'expression de mon opinion personnelle, j'espère que vous me permettrez d'y user du franc-parler, comme dans le passé, que vous m'accordiez et que vous m'accordez d'ailleurs par votre lettre et que je considère comme le meilleur moyen pour s'entendre.

Maintenant permettez-moi de vous dire que les accusations que vous nous adressez dans votre aide-mémoire ne sont pas très justifiées.

L'impression d'ensemble qui se dégage de ce document est que malgré les témoignages de sympathie et de soutien continu accordé par le Gouvernement britannique au Gouvernement persan et au nouveau régime, soutien sans lequel les succès atteints seraient restés, selon vous, douteux, la partie persane persiste à manifester son ingratitude et son manque de compréhension des faveurs accordées.

A mon sens, pour pouvoir prononcer un jugement définitif en matière des relations et de sentiments d'une nation à l'égard d'une autre, il ne suffit pas de prendre quelques faits isolés et de les mettre sous la lumière voulue pour arriver à une conclusion désirée. Pour un tel jugement, non seulement il ne suffit pas de prendre les faits apparents d'une période déterminée, mais il faut absolument examiner l'ensemble des causes et des effets, l'évolution des relations, l'état des choses dans le passé et le présent et un tas d'autres questions pour pouvoir tirer une conclusion juste. Et encore, il faut que le juge soit tout à fait impartial. Or, nous sommes à la fois juges et parties, et il nous est impossible d'arriver à une impartialité complète afin que notre verdict soit infaillible. Les différents faits, même ceux que vous mentionnez dans l'aide-mémoire, considérés différemment, peuvent nous amener à des conclusions différentes.

A mon avis, pour mieux comprendre les rapports anglo-persans il ne faut pas les prendre à partir de 1921, mais il faut remonter un peu plus haut, par exemple jusqu'à 1907. Je prends cette date parce que c'était malheureusement la date où l'opinion publique persane, qui jusqu'à cette date considérait l'Angleterre comme l'amie sincère et désintéressée de la Perse et la barrière solide contre l'invasion russe, a été ébranlée dans sa foi par la conclusion de l'Accord anglo-russe et par le partage de la Perse en zones d'influence.

Le second coup aux sentiments d'amitié nourris par les Persans pour la Grande-Bretagne a été porté en 1911, quand par la seconde clause de l'ultimatum russe, prescrivant qu'aucun fonctionnaire étranger ne soit engagé ou employé sans le consentement de Russie et de Grande-Bretagne, les deux Puissances ont fait cause commune en Perse.

Il est superflu de parler de la période de la guerre mondiale, période que vous intitulez avec beaucoup de justesse "période trouble." La présence des troupes russes, troupes alliées de Grande-Bretagne, ainsi que celles de la Grande-Bretagne sur le territoire persan, présence, peut-être, nécessaire du point de vue de la guerre mondiale, mais absolument en conflit avec la souveraineté et l'amour-propre persan; la conclusion de l'accord de 1919; la formation de South Persia Rifles et d'autres faits analogues n'étaient pour donner confiance à l'opinion publique persane, de sorte qu'à l'arrivée de Sir Percy Loraine en Perse il existait une grande tension dans les relations des deux pays et tout rapprochement paraissait difficile. Mais, vu le désir sincère du créateur du nouveau régime persan de renouer l'ancienne amitié anglo-persane, amitié compatible avec son programme politique, et de resserrer les liens de bonne intelligence et de confiance mutuelle, d'une part, et, d'autre part, grâce à la démonstration de la bonne volonté et de la persévérance de Sir Percy Loraine, éminent diplomate, doué d'esprit souple, de patience et de tact, qui est arrivé en Perse à un moment très difficile, peu à peu une énorme modification dans les sentiments persans s'était opérée et, avec la confiance revenue, une nouvelle page dans l'histoire des relations anglo-persanes a été ouverte. Donc, les efforts de part et d'autre ont été couronnés de succès et les relations sincèrement amicales se sont rétablies entre les deux Gouvernements.

D'ailleurs, de part et d'autre, il n'y avait aucune raison sérieuse qui les obligerait à vivre dans de perpétuels malentendus ou s'opposerait à leur rapprochement. D'énormes intérêts communs prescrivaient et continuent à prescrire ce rapprochement. Evidemment, les difficultés résultant de l'enlisement dans les affaires courantes ou les précédents et traditions surannés étaient impuissantes à paralyser l'élan de bonne volonté des deux parties, tel qu'il passait par-dessus tous ces menus obstacles. Surtout que la simplicité du programme du nouveau régime persan contribuait beaucoup à la réalisation du désir du Gouvernement britannique, désir énoncé par son représentant et profondément apprécié par les dirigeants de la Perse, de voir les liens d'amitié rétablis entre les deux pays.

En effet, quel est le but du nouveau régime persan, but vers lequel tendent les efforts de tous ses dirigeants?

On peut le résumer en peu de mots:

(a) L'unification de la Perse et la création d'un pouvoir central réel dans le pays, pour que la Perse ne soit pas seulement une expression géographique.

La conséquence de cette politique est logiquement l'abolition du féodalisme, du régime des chefs de tribus et de provinces semi-indépendantes, qui existaient dans la Perse d'avant le nouveau régime.

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Il est certain que ce point du programme ne pouvait en aucune manière être nuisible aux intérêts britanniques, et il est logique de supposer que tout Gouvernement qui ne poursuit pas de buts particuliers dans un pays préférerait traiter plutôt avec les représentants du pouvoir central qu'avec une oligarchie. Tel est évidemment le cas pour la Grande-Bretagne, surtout qu'à maintes reprises l'assurance nous a été donnée qu'elle aimerait à voir une Perse unifiée et forte. Surtout qu'une Perse faible, sans pouvoir, sans organisation et moyens de résistance, serait un excellent champ d'activité pour les nouvelles idées conçues dans notre voisinage qui menacent le monde entier par sa contagion et dont l'arrivée aux confins des domaines britanniques ne serait, je crois, très désirable pour vous. Par contre et en conséquence, une Perse forte et capable à résister à la pénétration du mal étant avantageuse aux intérêts britanniques, la Grande-Bretagne n'avait aucune raison ni intérêt de refuser sa sympathie à la réalisation de ce point du programme persan.

Il est certain que l'œuvre d'unification, entreprise dès l'apparition de mon auguste Souverain sur la scène politique de la Perse, nécessitait l'emploi de forces armées dans les conflits inévitables entre le Gouvernement central et les nomades et chefs de provinces, dont les intérêts étaient menacés. Le Gouvernement britannique, pour être fidèle à sa sympathie énoncée pour une Perse forte et unifiée, ne pouvait pas abandonner dans ces conflits, d'ailleurs d'ordre purement intérieur, sa neutralité et contrecarrer les desseins du Gouvernement persan. Donc, je ne parviens pas à comprendre, pourquoi vous citez cette neutralité comme une faveur spéciale. Le contraire serait illogique et anormal. C'est pour cela qu'un cas de dérogation à la règle générale nous a fortement surpris. Il s'agit du cas quand, fidèle à la politique d'unification et dans le but de soumettre Khouzistan au pouvoir central, le Gouvernement persan s'est vu obligé d'envoyer une expédition militaire contre Cheikh Khaz'al et ses alliés, le Chargé d'Affaires de Grande-Bretagne s'est déclaré hostile à cette expédition. Cette démarche était en contradiction flagrante avec les déclarations réitérées que les intérêts britanniques ne s'opposaient en aucune façon à l'unification de la Perse. Je ne cite pas ce cas comme exemple de l'interruption de ce soutien continu dont vous parlez dans l'aide-mémoire. Non; je veux dire tout simplement que le Gouvernement persan considérait l'unification de la Perse comme tellement conforme aux intérêts légitimes britanniques qu'il a été surpris de constater ici un des cas de dérogation à la règle.

(b) Le second point du programme du nouveau régime persan peut être exprimé ainsi :

“ Respecter les droits et intérêts légitimes de tous les Etats étrangers et demander en retour que nos droits et intérêts légitimes soient respectés.”

Nous désirons que notre pays soit traité en pays indépendant non seulement *de jure* mais aussi *de facto*, conformément aux principes et à la pratique du droit international. Pourrait-on prétendre que ce désir du nouveau régime persan n'est pas légitime? Certes, non.

La Perse, membre de la Société des Nations, dont le statut déclare l'égalité des droits de tous ses membres; la Perse, qui respecte les droits et intérêts légitimes de tout le monde; la Perse, qui, animée du respect des engagements contractés dans le passé de bon ou de mauvais gré, supporte silencieusement le lourd fardeau de ces engagements néfastes, a le droit de demander qu'on la traite sur un pied d'égalité de droit et qu'on respecte ses droits souverains.

Une fois ce principe admis, les privilèges obtenus dans le passé, les habitudes et traditions, les précédents, les possessions ou toutes autres considérations en conflit avec les principes et la pratique du droit commun international doivent, sans que leur disparition soit considérée comme une faveur ou concession faite, tout simplement disparaître ou devenir caducs. On peut évidemment considérer les rectifications aux irrégularités existantes dans le passé comme conséquence logique et obligatoire de la reconnaissance et de l'admission d'un principe ou comme des faveurs accordées et des concessions faites en échange desquelles il faut faire des concessions respectives.

Je considère que la première conception doit être adoptée dans les relations anglo-persanes, surtout qu'elle n'élimine pas la reconnaissance pleine et entière du Gouvernement persan à l'égard du Gouvernement de Sa Majesté britannique. Par exemple, si le Gouvernement persan demandait de lui reconnaître :

Le droit de surveiller par ses propres moyens ses eaux territoriales, où la présence des bateaux de guerre étrangers peut être considérée comme contraire à ses droits souverains;

ou d'avoir le droit de prendre en main le système d'éclairage et des signaux de ses côtes et ports;

ou d'établir les règles d'admission des bateaux de guerre étrangers dans ses eaux territoriales et ports, en conformité de la pratique internationale;

ou d'appliquer auxdits bateaux les prescriptions des conventions sanitaires;

ou de revendiquer les territoires dont l'appartenance est reconnue, comme tel est le cas de Bahrein et des lettres du Lord Clarendon;

ou de ne pas vouloir créer une base importante navale à proximité de ses côtes et, en conséquence, de prendre ses mesures de précaution dans la question d'un bail d'une partie de son territoire ou même ne pas vouloir donner à bail ce territoire;

ou d'évacuer des parties de son territoire indûment occupées ou utilisées sans son consentement pour la création de différentes entreprises, &c., &c.;

il ne faudrait pas considérer ni le Gouvernement persan comme voisin déloyal ou intraitable, ni la satisfaction donnée à ces demandes comme des faveurs accordées. L'insistance à obtenir la réparation des droits lésés n'est pas preuve du mauvais vouloir d'arriver à une entente.

(c) Si je mentionnais, comme troisième point du programme persan, la décision de s'écarter de toute aventure politique et de répudier toute ambition politique pour consacrer la totalité de l'énergie et des moyens nationaux au travail acharné et dur dirigé vers le relèvement politique, économique et social du pays, vivre paisiblement mais librement sur la terre persane et sous le ciel persan, ce programme serait épuisé et je défierais qui que ce soit de m'indiquer une seule demande du Gouvernement persan qui sortirait des cadres du programme susmentionné. Donc, il n'est pas logique de supposer qu'il soit difficile de s'entendre avec un pays dont les aspirations sont tellement simples et légitimes. Néanmoins, nous ne sommes pas arrivés encore à une entente. Où faut-il chercher la clef de l'énigme?

Vous dites dans votre aide-mémoire que pendant toute la période de 1921 à 1931 la politique du Gouvernement de Sa Majesté britannique a été d'appuyer le Gouvernement central et de travailler au rétablissement de relations amicales et cordiales après la période trouble de la guerre.

Comme je viens de vous l'exposer, à mon sens, l'agissement contraire du Gouvernement britannique serait surprenant, car il n'avait aucune raison d'ordre moral ou matériel d'agir contre le Gouvernement central persan, c'est-à-dire contre l'unification du pouvoir et l'établissement de l'ordre et de la sécurité dans le pays, sans compter que de tels agissements seraient une immixtion dans les affaires intérieures d'un pays indépendant et, en conséquence, contraires aux règles et traditions internationales à l'observation desquelles votre Gouvernement est resté fidèle. Quant aux efforts faits par le Gouvernement britannique pour rétablir les relations amicales et cordiales, les autorités persanes, partisans convaincus de l'amitié anglo-persane, n'y sont pas restées insensibles et de leur côté n'ont pas manqué d'aller à la rencontre de ce changement de la politique britannique et d'exprimer leur joie et leur satisfaction à cet effet. D'ailleurs, il était tout juste de s'attendre à ce que les torts causés à la Perse pendant la période trouble de la guerre fussent en partie réparés. Un examen même superficiel des relations entre les deux pays au moment de l'arrivée de Sir Percy Loraine et de son départ prouverait que la nouvelle politique adoptée et manifestée par le représentant de la Grande-Bretagne a été appréciée à sa juste valeur. Sir Percy compte maintenant même beaucoup d'amis parmi les Persans et il a emporté avec lui la sympathie générale. Mon auguste Souverain, en signe de sa sympathie et bienveillance personnelle, a bien voulu envoyer à Sir Percy Loraine sa photographie quand il était déjà en Grèce.

Dans cet état d'esprit et en présence d'une amitié réciproque entre les deux pays, il serait difficile de comprendre la raison pour laquelle le Gouvernement de Sa Majesté britannique n'aurait pas reconnu l'avènement au trône de Sa Majesté impériale. Les autorités persanes ont évidemment beaucoup apprécié ce geste d'amitié et de courtoisie que votre Gouvernement a voulu témoigner en étant le premier à reconnaître le changement de régime en Perse, et je suis loin de l'idée

de minimiser la valeur de ce geste, mais je veux dire que le contraire serait difficile à expliquer.

Quant aux assurances que vous avez données en 1926 à Sa Majesté impériale qu'aucun changement ne s'était produit dans la politique du Gouvernement britannique, il est évident que le changement usuel et le remplacement d'un représentant par un autre, comme c'était le cas du départ de Sir Percy Lorain et de votre nomination, ne pouvait amener un changement de la politique extérieure et de méthodes de cette politique du Gouvernement britannique, dont la constance dans sa politique extérieure est connue. D'ailleurs, il n'y avait aucune raison pour qu'un changement s'opère dans nos rapports, et vous êtes, vous-même, témoin que jusqu'à 1929 notre collaboration avec vous ne laissait rien à désirer.

Vous citez la répudiation, en 1927, de l'accord conclu avec Sir Percy Lorain pour une route commerciale aérienne comme signe de changement de l'attitude du Gouvernement persan après le départ de Sir Percy Lorain. Or, permettez-moi d'attirer votre attention sur la dernière clause à la fin de la lettre adressée par le Ministre des Affaires étrangères en date du 8 Mehr 1304 à votre prédécesseur, qui, soit dit entre parenthèses, n'est pas un accord. Il est dit très clairement dans cette clause ce qui suit :

" Avant de terminer, j'attire votre attention sur ce que la Convention d'Aviation de 1919, qui n'est pas encore approuvée par le Medjliss, sera prochainement présentée à son approbation.

" Il reste entendu que les dispositions susmentionnées (les six points de la lettre) n'entreront en force qu'après l'approbation de ladite convention."

Donc, cette lettre n'était qu'un consentement de principe d'accorder le droit de survol aux aéronefs de l'Imperial Airways, et avant l'approbation de la Convention de 1919 elle n'avait aucune valeur pratique. Néanmoins, le sujet de cet accord de principe a été renouvelé et discuté entre vous et moi au mois de mai 1928 et une autorisation de vol, avec le règlement y relatif, a été préparée et signée le 8 décembre 1928 entre vous et le Ministre des Affaires étrangères, et les aéronefs de l'Imperial Airways en profitent jusqu'à présent.

A mon sens, si la répudiation d'une lettre sans valeur pratique doit être citée comme pièce d'accusation, l'accord conclu ultérieurement à cette répudiation doit être cité, à plus forte raison, comme une preuve de la bonne volonté qu'a eue le Gouvernement accusé, d'arriver à une entente dans les questions même qui sortent des cadres des intérêts communs des deux parties et sont à protéger les intérêts unilatéraux, ainsi que la preuve de son attitude amicale.

Quant à la soi-disant campagne de presse dans l'automne de 1927 contre la Grande-Bretagne, je n'ai pas sous la main ces feuilles pour exprimer mon opinion là-dessus, mais je tiens à vous dire que la responsabilité de ce qu'on écrit dans la presse persane ne peut incomber au Gouvernement persan. Malgré la fable qu'on raconte sur la censure rigoureuse gouvernementale sur la presse (et dont j'ai vu avec beaucoup de regret l'écho dans la lettre que vous avez adressée en date du 28 avril au Ministre des Affaires étrangères à propos du Chafaké-Sorkh, qui a publié quelques articles stupides contre l'Anglo-Persian Oil Company, dans laquelle vous dites que " le contrôle gouvernemental sur la presse ainsi que la position connue de M. Dachtî m'oblige de tirer mes propres conclusions de cette campagne "), je vous déclare qu'il n'y a pas une censure préalable pour la presse persane. Tout journal écrit ce qu'il désire. Par ceci que je ne veux pas nier les liens et relations existant entre les autorités et la presse, ni les moyens d'empêcher la suite d'une campagne qui pourrait devenir sérieuse. D'ailleurs, ces moyens sont ceux que possèdent tous les autres Gouvernements aux différents degrés et ils ont été employés à maintes reprises pour faire cesser les publications qui ne vous plaisaient pas.

D'ailleurs, il me paraît étrange de citer les événements de 1927 comme signe des mauvais procédés de la Perse, quand vers la fin de cette même année nous avons commencé nos négociations qui ont abouti à la signature des documents importants de 1928. A l'occasion de la signature de ces pièces, Sir Anstett Chamberlain a exprimé sa satisfaction à la Chambre des Communes et vous a adressé les éloges que vous avez, d'ailleurs, bien mérités.

Dans votre aide-mémoire, vous citez les efforts faits par votre Gouvernement pour voir s'établir des rapports normaux entre la Perse et l'Irak comme un des services rendus à la Perse. Si je touche à cette question, ce n'est, évidemment,

dans l'intention de mettre en doute le grand mérite du Gouvernement britannique comme intermédiaire. Ceci restant incontesté, il me paraît, néanmoins, que c'est le Gouvernement persan qui aurait pu citer la reconnaissance de l'Irak comme preuve de sa bonne volonté et de sa concession au désir du Gouvernement britannique.

Etant négociateur dans cette question, je suis qualifié pour soutenir cette thèse, documents en mains. Si ma mémoire ne me fait pas défaut, voici en résumé l'histoire de la reconnaissance de l'Irak :

Le droit des Persans de bénéficier en Irak du régime spécial pour les étrangers étant dénié par l'Accord judiciaire entre la Grande-Bretagne et l'Irak, la Perse, après avoir procédé à des protestations près du Conseil de la Société des Nations, comme vous le savez, a refusé de reconnaître l'Irak, tant que cette injustice ne serait pas réparée. Le désir de voir l'Irak reconnu par la Perse nous a été exprimé à maintes reprises et c'était un des points des négociations entre vous et moi. Ce ne fut qu'à la réception de votre lettre du 18 février 1929 et celle du 11 mars de la même année, que je vous ai adressé ma note du 30 mars 1929, par laquelle, après un long exposé des motifs, je vous déclarais que " le Gouvernement impérial de Perse considère qu'il n'y a plus d'obstacle de principe à la reconnaissance par la Perse du Gouvernement de l'Irak "

Sans regretter en aucune façon cette reconnaissance, qui nous a donné la possibilité d'établir des relations d'une amitié cordiale avec notre voisin, néanmoins, le désir de faire plaisir à la Puissance mandataire était en grande partie notre mobile.

Quant au retrait des sawars indiens, dont le maintien, d'ailleurs, était sans raison d'être, et à la remise de leurs armes, le Gouvernement persan a déjà exprimé ses remerciements pour ce geste amical et, la question étant d'une importance secondaire, je ne voudrais pas fatiguer votre attention en fournissant des explications plus détaillées. Mais je me vois obligé de relever le passage de votre aide-mémoire où vous dites que " pendant les diverses insurrections des tribus au Bélouchistan, en Fars, en Louristan et parmi les Bakhtiariis, le Gouvernement de Sa Majesté britannique a gardé l'attitude de la plus stricte neutralité "

Permettez-moi de vous demander, pour quelle raison et à quel titre le Gouvernement de Sa Majesté britannique, qui, selon les termes de votre aide-mémoire même, souhaitait voir une Perse forte et unie et tenait à soutenir les efforts de Sa Majesté, n'aurait pas gardé la stricte neutralité et serait allé donner sa protection aux Persans insurgés contre leur Gouvernement ? Sans parler des principes énoncés par le Gouvernement britannique concernant sa politique persane, cela serait contraire aux garanties internationales qui existent si heureusement dans le monde d'aujourd'hui pour protéger les faibles et les forts.

Quant aux armes fournies à des tribus insurgées et au passage de l'aide-mémoire où vous dites que " non seulement les armes n'ont pas été fournies à l'une quelconque de ces tribus... " il m'est difficile d'admettre la possibilité même de fourniture d'armes par les autorités britanniques aux tribus insurgées. Par qui voudriez-vous que les armes leur aient été fournies ? C'est une question tellement délicate que j'aimerais à ne pas la soulever ; néanmoins, je veux vous rappeler en peu de mots les plaintes persanes, qui se formulaient toujours contre la contrebande d'armes. Or, cette contrebande existait incontestablement au sud de la Perse et au golfe Persique, et ceci malgré les efforts des vaisseaux de guerre britanniques, affectés au service dans le golfe et qui, comme vous dites, ont prodigué leurs efforts dans le but d'empêcher qu'aucune cargaison d'armes ne fût débarquée en contrebande en Perse. Donc, il est clair que ces efforts n'ont pas été toujours couronnés de succès. D'ailleurs, il est très compréhensible que vos bateaux de guerre ne soient pas à même d'empêcher entièrement la contrebande d'armes et d'autres articles, vu que les voiliers arabes glissent comme les anguilles partout. En résultat définitif, et malgré nos intérêts communs de voir l'ordre et la sécurité établis dans les régions insurgées, les insurgés se procuraient des armes et munitions et nous en souffrions énormément. Je me rappelle vous avoir entendu à ce sujet et m'expliquer que les armes pouvaient être transportées par les voiliers arabes dans les criques des côtes persanes du golfe, que les armes elles-mêmes pouvaient provenir des stocks d'armes données pendant la guerre mondiale au chef d'un des pays voisins de la Perse. Je suis persuadé que vous-même vous n'avez pas la conviction catégorique

que les armes n'arrivaient et même n'arrivent pas en contrebande au golfe Persique.

Quant à l'Indo-European Telegraph Department de la Perse, le Gouvernement persan a adressé en son temps ses remerciements au Gouvernement de Sa Majesté britannique et apprécie beaucoup le consentement de celui-ci à liquider cette question en litige depuis 1925. Toutefois, me sera-t-il permis de rappeler—sans désapprecier le geste amical de votre Gouvernement—que le droit d'existence dudit Department étant accordé par une concession qui expirait légalement en 1925 et, faute d'approbation du Medjliss, la prolongation de 1913 étant du point de vue juridique illicite, l'existence de ce Department était dénuée de toute base légale. D'ailleurs, à l'époque où la T.S.F. rend onéreux et inutile le télégraphe avec fil (le passage suivant de la lettre du 7 décembre 1930 de l'I.E.T.C., qui a cessé volontairement ses opérations en Perse, disant: "in view of the progressive loss of revenue due to wireless and other causes, they can entertain no hope of the possibility of carrying on the Indo line on an economic basis. The deficit on working has become very serious," appuie mon point de vue), toute contestation du point de vue persan aurait un intérêt purement académique.

Même en cette question, le Gouvernement persan, par son consentement à ce que certaines parties de la "line" restent jusqu'à 1945 entre les mains des autorités britanniques, a montré son attitude amicale.

Quant au passage de votre aide-mémoire relatif au Traité général et aux sacrifices que le Gouvernement britannique était prêt à faire, il est évident que toute entente normale doit assurer les intérêts des deux parties. Les avantages de tout accord étant réciproques, la condition essentielle pour y arriver est de réconcilier les intérêts même opposés des contractants. Si, pour le témoignage de sa bonne volonté ou pour d'autres raisons, une partie était obligée d'accepter sans objection les propositions de l'autre, l'entente advenue aurait été considérée comme imposée et non consentie. Très souvent l'insistance d'une partie à imposer à l'autre son point de vue rend l'entente difficile. Cette généralité dite et dans le but de faire mieux ressortir les concessions respectives faites par l'une des parties dans l'intérêt de l'autre, il sera suffisant d'examiner les titres des articles du Traité général et de les classer sous la rubrique des intérêts de chacune des parties. Par la liste que j'annexe à cette lettre pour mieux illustrer mon idée vous verrez que le Traité général prévoit le règlement des questions d'intérêts mutuels des deux parties, étant plus avantageux aux intérêts britanniques que persans. Donc, la valeur définitive du traité dépend, du point de vue persan, de la façon de règlement des questions qui restent ouvertes.

Concernant la comparaison entre l'attitude du Gouvernement britannique et celle du Gouvernement persan, sans vouloir contester votre point de vue quant à l'attitude amicale du premier, je ne vois aucune raison de qualifier celle du dernier d'inamicale.

Les articles parus dans la presse persane (qui contrairement à ce que vous avancez, n'est pas soumise à un strict contrôle, comme je l'ai déjà expliqué), que vous qualifiez d'allégations, concernant le Colonel Lawrence, n'étaient que la reproduction d'articles parus dans la presse des autres pays, particulièrement la presse irakienne, turque, syrienne, égyptienne, soviétique, allemande, &c. D'ailleurs, l'activité dudit personnage pendant la guerre mondiale en Arabie, sa présence à la frontière afghane qui coïncidait avec les troubles dans ce pays, l'ont rendu un personnage légendaire et font circuler différentes fables sur son activité. Si la presse d'un pays sous mandat britannique publie des articles sur la participation du Colonel Lawrence dans la révolte des Kurdes, pourquoi serait-il défendu à la presse persane de raconter les mêmes blagues et pourquoi doit-on citer ceci comme le signe de la réviviscence d'anciens soupçons?

Vous revenez dans votre aide-mémoire sur la question des armes, en disant que par certaines insinuations on voulait faire croire que le Gouvernement britannique était impliqué dans le complot de la fourniture d'armes aux Kachkais. Sur cette question, j'ai déjà eu l'honneur d'exposer mon point de vue et je ne voudrais pas y revenir. Néanmoins, je vous serais bien reconnaissant si vous pouviez me dire quelles sont vos preuves à l'appui de cette affirmation. Je suis d'accord avec vous que si le Gouvernement britannique voulait, il aurait pu créer d'énormes difficultés au nouveau régime qui augmenteraient considérablement d'innombrables difficultés que ce régime a jusqu'à présent rencontrées et combattues. Mais pourquoi et à quel titre devrait-il le vouloir?

Le traitement et l'attitude des autorités persanes à l'égard de vos vaisseaux de guerre, dont le stationnement et l'activité dans les eaux territoriales persanes font tort à la souveraineté persane, ont toujours été conformes aux prescriptions internationales et, en conséquence, corrects, et les cas où se marque le désir des autorités persanes de voir vos bateaux de guerre se conformer aux règlements prescrits par les conventions internationales ne peuvent pas être cités comme un signe de manque de courtoisie à leur égard.

Quant à l'audience qui vous fut accordée au mois d'octobre dernier, je n'y étais pas présent et ne puis donc rapporter ici ce que Sa Majesté impériale a bien voulu vous dire. Au dire du Ministre des Affaires étrangères, Sa Majesté impériale, parlant des relations entre les deux pays, vous aurait dit qu'une Perse forte, où la sécurité et l'ordre régneraient, serait plus utile aux intérêts britanniques que la Perse rongée par l'anarchie et divisions intestines, et que Sa Majesté impériale aimerait à croire que la Grande-Bretagne n'a et n'aura aucune raison de ne pas souhaiter que la Perse soit forte.

Pour ce qui est de la demande adressée pour le rappel du consul britannique à Kerman et du Colonel Dodd, je veux d'abord vous répondre à propos de ce dernier cas. Je ne savais pas qu'une question qui touchait à la personne de Sa Majesté impériale et qui a été oubliée par elle, pour prouver sa bienveillance à votre égard, serait citée comme une des preuves de notre attitude peu amicale. Je préfère ne pas en parler, espérant que votre Gouvernement appréciera dûment ce qui a été fait et consenti par Sa Majesté impériale.

Quant au premier cas, chaque pays a l'entière liberté de retirer l'exequatur de n'importe quel représentant consulaire, et ce droit, qui d'ailleurs a été reconnu en principe par vous au cours de nos négociations du Traité de Commerce, ne peut pas être refusé à la Perse. Néanmoins, le Gouvernement persan n'en a pas usé et vous a prié de remplacer ce fonctionnaire par un autre.

Dans la partie de votre aide-mémoire concernant les questions économiques, il y a un point que je tiens à rectifier à titre de négociateur. Il s'agit de la prétendue assurance fournie à Mr. Rogers que les nouveaux billets de banque seraient commandés en Angleterre. Je suis au regret de dire qu'on vous a mal informé et qu'une telle assurance n'a jamais été donnée. La question de la possibilité de l'impression des billets de banque en Angleterre a été abordée dans nos entretiens privés, mais le Gouvernement persan ne pouvait aucunement s'engager et fournir une assurance quelconque à l'époque du séjour de Mr. Rogers à Téhéran. C'est beaucoup plus tard que sur le rapport de son délégué, envoyé en Europe pour étudier la question, le Gouvernement persan a pris sa décision de commander ses billets de banque dans les États-Unis d'Amérique. D'ailleurs, il est logiquement difficile d'admettre qu'une commande d'une telle importance soit décidée sans qu'une proposition réglant les conditions de la commande ait été d'abord présentée. Or, autant que je sache, aucune proposition britannique y relative n'ait été présentée et faite au Gouvernement persan.

Quant aux relations entre le Gouvernement persan et la Banque impériale, il ressort de votre aide-mémoire que malgré la concession avantageuse faite par ladite banque au Gouvernement et malgré l'accord réglant la situation de celle-ci ainsi que ses rapports avec la Banque nationale, le Gouvernement a violé d'une manière flagrante un des points essentiels de ce qui a été convenu.

Or, je ne veux pas m'attarder sur les avantages de l'accord conclu pour chacune des deux parties et rappeler qu'en échange des trois documents de caractère différent, signés le 13 mai 1930, le Gouvernement persan :

- (a) A payé 200,000 livres sterling à la banque;
- (b) A résilié son droit aux 6 pour cent, des bénéfices nets de chaque exercice;
- (c) A reconnu à la banque le droit de constituer hypothèque sur des immeubles, &c.

D'ailleurs, il n'y a rien de blâmable en ce qu'un accord assure les avantages de ses signataires.

Donc, mon but n'est pas de prouver l'avantage ou le désavantage de cet accord, mais je tiens à vous dire que la prétendue violation de l'accord n'a jamais eu lieu et voici pourquoi :

Trois documents ont été signés entre le Gouvernement et la Banque nationale et la Banque impériale :

- (a) L'appendice No. 5 à la concession de la banque; (b) La lettre du Président du Conseil; et (c) Le mémorandum relatif aux modalités de collaboration entre les Banques nationale et impériale.

Parmi ces documents, ce n'est que l'appendice qui est, pour ainsi dire, immuable. Les deux autres n'ont qu'un caractère unilatéral. Or, dans le premier document rien n'est dit sur la situation de la Banque impériale vis-à-vis de la Banque nationale. C'est dans la lettre du Président du Conseil que cette question est soulevée et, jusqu'à ce jour, tous les points mentionnés dans cette lettre ont été fidèlement observés. Le paragraphe 3 de cette lettre dit: "de ne pas placer la Banque impériale, dans ses opérations ordinaires, généralement pratiquées par des établissements de crédit, et dans les limites des lois et règlements du pays, dans une situation inférieure à celle de la Banque nationale, exception faite de certains privilèges émanant de son caractère de Banque nationale." La portée de ce passage ne demande aucun commentaire. Or, en vertu de la Loi du Monopole du Commerce extérieur, le Gouvernement se réserve le droit exclusif d'acheter toutes les devises provenant de l'exportation persane et constitue la Banque nationale comme son agent d'exécution. Le Gouvernement persan est libre de choisir ses agents d'achat et de vente de devises sans être même obligé de recourir à la phrase "exception faite de certains privilèges émanant de son caractère de Banque nationale."

Où est la violation flagrante dont vous parlez dans l'aide-mémoire?

D'ailleurs, depuis que la Banque impériale a accepté de se soumettre au contrôle du Gouvernement en matière d'achat et de vente de devises étrangères, la possibilité qu'elle soit également l'agent gouvernemental pour l'achat et la vente de devises est sous l'examen du Gouvernement.

Ce qui me surprend beaucoup dans l'aide-mémoire, c'est son passage conclusif disant que "dans ces circonstances, on ne saurait guère qualifier de propice la perspective d'un traité ou général ou commercial, et si à l'heure actuelle il manque l'atmosphère qui convient à la négociation ultérieure de ces traités, l'on ne saurait non plus s'en prendre au Gouvernement britannique, lequel doit fatalement tirer ses propres conclusions de la direction prise par les événements en ces derniers temps." Par ce passage, vous renoncez aux négociations des traités en question, jugeant l'atmosphère peu favorable.

Or, je me rappelle qu'au lendemain de la date de la lettre par laquelle vous m'avez envoyé l'aide-mémoire, c'est-à-dire le 21 avril, quand vous avez été reçu en audience par mon auguste Souverain, et quand vous lui avez communiqué le message de votre auguste Souverain concernant les sentiments d'amitié de Sa Majesté le Roi pour Sa Majesté impériale, vous avez transmis à mon Souverain le souhait et le désir de Sa Majesté britannique de voir le plus vite possible les questions en négociation entre leurs Gouvernements aboutir à une entente complète.

J'aime à croire que c'est la communication du 21 avril qui est le vrai sentiment du Gouvernement de Sa Majesté britannique, et qui est d'ailleurs en parfaite harmonie avec les souhaits de Sa Majesté impériale et de son Gouvernement.

Il reste incontestable que pour le succès des négociations une atmosphère de sérénité et de sympathie est d'une nécessité absolue et que pour le succès d'une entente tout élément d'irritation doit être éliminé.

Vu notre désir très sincère d'arriver à une entente avec le Gouvernement britannique, il est à espérer que les malentendus survenus dans nos relations ne sont que très provisoires.

Je vous demande pardon d'avoir fatigué par ma longue lettre votre attention.

Très cordialement à vous,

TEYMOURTACHE.

Enclosure 3 in No. 25.

Classification des Articles du Traité général selon les différents Intérêts.

Intérêt commun.	Intérêt britannique.	Intérêt persan.
Art. 1. Formule générale	Reconnaissance des États arabes du golfe et de leurs relations contractuelles spéciales avec la Grande-Bretagne	Respect de l'intégrité et de l'indépendance et non-agression, c'est-à-dire renouvellement des engagements contractés déjà par le Pacte de la Société des Nations et celui de Kellogg.
Art. 2. Formule générale.		
Art. 3.	Avantageux pour les intérêts britanniques si les modifications proposées par la proposition persane sont acceptées	Nuisibles aux intérêts persans dans la rédaction britannique.
Art. 4.	Intérêt britannique.	
Art. 5.		Rectification des droits persans.
Art. 6.	Celle de Hengam	Celles de Bouchir et de Lingah.
Art. 7.	Avantageux aux intérêts britanniques.	
Art. 8.	Avantageux aux intérêts britanniques dans la rédaction britannique	Avantageux aux intérêts persans avec la reconnaissance de l'appartenance de Tombes et Abou-Moussa.
Art. 9.	Droit incontesté et incontestable de la Perse.	
Art. 10. Obligations	déoulant des prescriptions internationales.	
Art. 11. Intérêt des deux parties.		
Art. 12.	Avantageux aux intérêts britanniques.	
Art. 13.		Avantageux aux intérêts persans, si la proposition persane est acceptée.
Art. 14. Obligation internationale après l'adhésion à la clause facultative.		
Art. 15. Formule générale.		
Art. 16. Formule générale.		
Art. additionnel. Double imposition		Proposé par la proposition persane, refusé par la proposition britannique.
Art. additionnel. Abrogation des traités et conventions		question ouverte.
Art. Additionnel. Contestations télégraphiques		Dans l'intérêt persan.

[E 3833/847/34]

No. 26.

Mr. Dodd to Mr. A. Henderson.—(Received July 24.)

(No. 365.)

Sir,

Gulhek, July 13, 1931.

WITH reference to Sir Robert Clive's telegram No. 108 of the 12th May, I have the honour to inform you that His Majesty's Minister on the 16th June wrote to the Minister for Foreign Affairs reminding him that it was over a month since the Minister of Finance had assured Mr. Wilkinson that the Imperial Bank of Persia would soon be in a position to deal in exporters' exchange on the same terms as the National Bank, and expressing the hope that this promise would soon be implemented.

2. As the result of a further reminder, Jalal, the chief of the English section of the Ministry for Foreign Affairs, called on Sir Robert Clive at the instance of Feroughi on the 28th June to say that the latter was waiting to reply to Sir Robert Clive's letter until various difficulties with the Russians had been smoothed away, when there would probably be no objection to publishing a revision of the regulations attached to the Trade Monopoly Law in this matter of exchange.

3. His Majesty's Minister informed Jalal that he entirely failed to see what this question had to do with the Russians. The trade monopoly regulations definitely infringed the bank agreement of May 1930. The Persian Government had agreed to the Imperial Bank of Persia having the same exchange rights as the National Bank. The Minister of Finance had so informed Mr. Wilkinson and the acting manager of the National Bank. The Imperial Bank of Persia asked, very naturally, that the regulations should be modified accordingly and the

fact published. Jalal regretted he had no authority to add anything to what he had already said.

4. I attach a copy of the following correspondence:—

- (a) Letter from His Majesty's Minister to Feroughi, dated the 16th June.
- (b) Feroughi's reply of the 2nd July.
- (c) Further letter to Feroughi, dated the 7th July.
- (d) Letter from Mr. Wilkinson to His Majesty's Minister, dated the 6th July, in which he describes his most recent interview with the Minister of Finance and reveals Taghi Zadeh's astounding ignorance of the whole question.

I have, &c.
CHARLES DODD.

Enclosure 1 in No. 26.

Sir R. Clive to M. Feroughi.

Mon cher Ministre,

Gulhek, le 16 juin 1931.

IL y a plus qu'un mois que le Ministre des Finances a informé le directeur de la Banque impériale de Perse que le Gouvernement, ayant reconnu le bien-fondé des réclamations de la banque en ce qui concerne l'achat des devises étrangères en toute égalité de droits avec la Banque nationale, s'était décidé à faire le changement nécessaire à la Loi du Monopole du Commerce étranger.

Je serais reconnaissant à votre Altesse de me dire ce qu'il en est, puisque le retard apporté à la mise en exécution de cette décision—qui a d'ailleurs été communiquée à la Banque nationale—porte préjudice aux intérêts de la Banque impériale.

Très cordialement à vous,
R. H. CLIVE.

Enclosure 2 in No. 26.

M. Feroughi to Sir R. Clive.

(Translation.)

My dear Minister,

July 2, 1931.

YOUR Excellency's esteemed note regarding the Imperial Bank of Persia and foreign exchange transactions was duly received.

Although I hope that an arrangement will soon be made in this connexion, yet I find it necessary to point out to you the fact that, in the course of the conversations I had on the subject with his Excellency the Minister of Finance, his Excellency said that he has never admitted the accuracy of the bank's statement, nor has he undertaken to make any amendment to the law. His Excellency has only, with a view to assisting the bank, offered to make an arrangement whereby the Imperial Bank of Persia may also participate in foreign exchange transactions.

I avail, &c.
FEROUGHI.

Enclosure 3 in No. 26.

Sir R. Clive to M. Feroughi.

My dear Minister,

Gulhek, July 7, 1931.

I HAVE received your Highness's letter of the 2nd July, 1931, regarding the right of the Imperial Bank of Persia to deal in foreign exchange. I admit at once that I was in error in my letter of the 16th June in attributing to his Excellency the Minister of Finance a promise to have the Government Foreign Trade Monopoly Law amended. I should have written "the regulations giving effect to" that law.

This correction is, however, of course, a secondary matter. The purpose of my letter was to urge your Highness to intervene with the competent authorities

with a view to ensuring to the Imperial Bank of Persia equal privileges with those enjoyed by the National Bank in all foreign exchange transactions, privileges to which the Imperial Bank of Persia are entitled not only by the terms of their concession, but also by the agreement of May of last year. I am glad to note that your Highness hopes that an arrangement will soon be made, and I trust this arrangement will be one giving full satisfaction to the just claims of the Imperial Bank of Persia.

Yours very sincerely,
R. H. CLIVE.

Enclosure 4 in No. 26.

Mr. Wilkinson to Sir R. Clive.

*The Imperial Bank of Persia,
Tehran, July 6, 1931.*

Dear Sir Robert,

I AM afraid my interview with Taqizadeh on Saturday brought forth little or no result.

He expressed his regret that the matter had remained in abeyance, but it was due to certain outside causes, the settlement of which is still pending. I remarked that he was no doubt referring to the Russians, and I could not see how they could be brought into such a question. He replied that, as they were an authorised bank before, they might claim a similar privilege. I did my best to impress upon him that on the 13th May, 1930, we were placed on the same footing as the National Bank, whereas the Russian Bank, as well as the other banks, remained as they were, and they did not complain, and I did not see how they could raise an objection now. I also impressed upon him that we hold a concession which gives us full rights to deal in exchange, and I further remarked that there is an entire lack of appreciation for the great sacrifice we made in placing £200,000 on the market at 60.

He then proceeded to ask why we were not buying exchange from the exporters; this completely nonplussed me, and, after gazing at him for a few moments, I referred him to the notice which appeared in the press in April last ordering the exporters to sell their exchange to the National Bank only, whereupon he remarked that the arrangements for disposing of this exchange were still under discussion. I pointed out that I could not follow his argument, but that we had no desire whatever to dispose of this exchange without a Government order. This brought him to say that he would endeavour to obtain from the Council of Ministers a special permission authorising us to buy exchange from the exporters.

In thanking him, I impressed upon him that the matter was of great urgency. Again thanking you for the valuable support you have so kindly extended to us.

Believe me, &c.
E. WILKINSON.

[E 3834/18/34]

No. 27.

Mr. Dodd to Mr. A. Henderson.—(Received July 24.)

(No. 367.)

Sir,

Gulhek, July 15, 1931.

WITH reference to my telegram No. 148 of the 9th instant, I have the honour to report that Lord Lamington's question and Lord Parmoor's answer in the House of Lords of the 25th June, regarding British relations with Persia, has had somewhat violent repercussions here. Reuter's summary of them, telegraphed by wireless on the 27th June, was published in the Tehran press on the 30th June, and was made the subject of a leading article in the "Iran" of the 2nd July. This article was obviously inspired by the Minister of Court. The studiously correct language of Lord Parmoor's statement is there resented as an unwarrantable interference in Persian domestic affairs. The dominant Persian passion of nationalism is given free play, while the opportunity is taken

to exult in the sentiment of newly acquired independence, and to flaunt before the world the impunity which Persia now enjoys for any act of provocation. In short, the interest which the Persian Government, in the Tariff Autonomy Treaty, freely acknowledged His Majesty's Government to have in such a measure as the Government Foreign Trade Monopoly Law, is entirely ignored; and any temporary character ascribed to it is indignantly repudiated.

2. Such a misrepresentation of the situation could not be allowed to pass unchallenged, and His Majesty's Minister addressed to the editor of the "Iran" a letter stating the treaty position of His Majesty's Government. This letter was duly published on the 5th July. It justified His Majesty's Government's interest in the law and their assumption of its temporary character by reference to article 4, paragraph 2, of the Tariff Autonomy Treaty, and rebutted the charge of an unwarranted interference in Persian domestic affairs.

3. Several of Sir R. Clive's foreign colleagues expressed to him their full approval of his action in thus setting forth the position in its true construction.

4. The Persian Government were, however, not content to let the question rest there. On the 7th July the editor of the "Iran," under whose name the above-mentioned article had appeared, was put up in the Majlis, where he is a Deputy, to ask the Minister for Foreign Affairs to state the views of the Persian Government on the House of Lords question and answer, Reuter's summary of which he read out to the Chamber.

5. Feroughi, speaking officially as the Persian Minister for Foreign Affairs, begins the substantial part of his statement by disclaiming any responsibility of the Persian Government for the interruption of the negotiations with Sir R. Clive. Persia desires the conclusion of the treaties, and the reason for failure hitherto is to be sought in the refusal of His Majesty's Government fully to recognise the legitimate rights of Persia and to pay due regard to her dignity. He expresses the hope of an early conclusion of treaties regularising relations between His Majesty's Government and the Persian Government. This is tantamount to an admission that it is Persian *amour-propre* that has hitherto stood in the way of a successful conclusion of the negotiations. But it veils the fact that His Majesty's Government have already made considerable concessions to Persian sentiment, and that the negotiations were broken off by the Persian Government with whom the next word rested.

6. Feroughi then reviewed the circumstances in which the Foreign Exchange Control Law was introduced and its object and operation. While admitting that the restrictions imposed by this law might have an adverse effect on the trade of other countries, he enunciated the theory that a Government has the right to protect its national interests at the expense of other countries, and that the latter have no legitimate complaint so long as there is no discrimination. The rights conferred and obligations incurred by treaty are completely ignored in this connexion.

7. The most important part of Feroughi's statement dealt with the Government Foreign Trade Monopoly Law. Though he admits that the measure was enacted as a means with which to combat a crisis, he does not admit that, with the passing of the crisis, there is any obligation to repeal the law. "There is no reason why it should be taken as a temporary measure or be withdrawn." Moreover, he claims that the right to introduce this measure was expressly admitted in the Tariff Autonomy Treaty, article 4, sub-section 8 (which allows the "prohibitions or restrictions applied to products, which, as regards production or trade, are, or may in future, be subject within the country to State monopoly or to monopolies exercised under State control"). This argument puts the controversy on to new ground, and it must be met in any considered protest presented to the Persian Government. It will necessitate a revision of the draft memorandum enclosed in Sir R. Clive's despatch No. 339 of the 30th June last.

8. Feroughi does not go quite so far as the inspired article in denying in so many words that the Persian Government can be bound by a treaty to keep municipal legislation within the limits imposed by the treaty. The latter claims that "the maintenance or abrogation of the internal laws of a country depends solely upon the good pleasure of those in power in that country." But Feroughi says: "As regards the treaties and protocols, the Persian Government's right to establish the control over foreign trade is unquestionable and obvious, because it is explicitly mentioned in all existing treaties, &c.," and "the Persian Government is the only and sole competent authority to decide

whether or not the danger menacing the vital interests of the country has disappeared." There is no suggestion that any treaty obligation could ever be binding on the autonomous Persian Government, which is regarded as a law unto itself, nor even that a co-signatory of a treaty enjoys a legitimate interest in its subject matter.

9. I have reported at some length upon this public exchange of views because it illuminates the mentality of the Persian Government so clearly. The childish naïveté of their psychology, their exaggerated *amour-propre*, their subtle elusiveness, their intractability and susceptibility, are all displayed unconsciously and without shame. The difficulties in the way of negotiating any treaty with such people will be well apparent from this revealing manifestation of character, while any doubts as to the practical utility of any treaty concluded with a Government so unblushingly determined on principle never to be bound by its signature, but only to enjoy such advantages as accrue to itself from the treaty, can only be confirmed.

10. I am sending copies of this despatch, with its enclosures, to the Foreign Secretary to the Government of India and to the Department of Overseas Trade. I have, &c.

CHARLES DODD.

[E 3835/68/44]

No. 28.

Mr. Dodd to Mr. A. Henderson.—(Received July 24.)

(No. 369.)

Sir,

Tehran, July 15, 1931.

WITH reference to Sir Robert Clive's despatch No. 286 of the 3rd June, enclosing a copy of Tabriz telegram No. 16 of that date on the subject of the Kurdish campaign in the Ararat zone and its effect on the Perso-Turkish frontier area, I have the honour to transmit to you herewith a copy in translation of a leading article in the "Iran," purporting to record the substance of an interview with the principal Persian officer on the Perso-Turkish Frontier Security Commission.⁽¹⁾

2. As you are aware, it is the policy of the Persian Government to suppress all reference in the Persian press to the incidents on that uncomfortable border, save an occasional pronouncement to the effect that, contrary to all reports in the foreign press, the situation leaves nothing to be desired. The present article is just such a pronouncement, and there is no real reason to suppose that Colonel Kazem Khan's statements coincide at any point with the true facts of the case, unless it be in their revelation of the entire lack of co-operation between the Persian and Turkish forces. Since, however, the "Iran" is of a semi-official character, and this article bears clear indications of official inspiration (it is safe to say that no Persian officer would dare to state his views on any subject without definite instructions), the article has, perhaps, a certain vicarious interest.

3. The Ararat zone is almost inaccessible to travellers, and the truth about frontier disputes and incidents is particularly hard to come by. In striking contrast to this inspired statement are the two despatches and the extract from Tabriz which I enclose herewith.⁽¹⁾ His Majesty's consul in that town is separated from the scene of operations by a considerable area, and I am prepared to believe that there is a large element of exaggeration in the rumours which have reached him. You will observe that, according to one of these, the Persians recently suffered no less than 800 casualties. At the same time there can be no doubt but that Mr. Palmer's reports come much nearer the truth than the official version. The latter, indeed, merely illustrates by an indirect process the complete apathy of Persian public opinion and the extent to which it can be led in blinkers.

4. I am sending a copy of this despatch to the Foreign Secretary to the Government of India, to His Majesty's High Commissioner for Iraq, and to His Majesty's representatives at Constantinople and Tabriz.

I have, &c.

CHARLES DODD.

⁽¹⁾Not printed.

[E 3838/328/34]

No. 29.

Mr. Dodd to Mr. A. Henderson.—(Received July 24.)

(No. 374.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith, copy of Mr. Lingeman's despatch No. Overseas Trade (B) 128 of the 15th July, 1931, on the subject of Persian Government's Foreign Trade Monopoly Law.

Tehran, July 15, 1931.

Enclosure in No. 29.

Mr. Lingeman to Mr. A. Henderson.

(No. Overseas Trade (B) 128.)

Sir,

Gulhek, July 15, 1931.

I HAVE the honour, in continuation of my despatch No. Overseas Trade (B) 117 of the 1st July, to transmit to you herewith a copy of a notice issued by the Ministry of National Economics and published on the 6th July in the local press.⁽¹⁾ Significantly headed: "Tout d'abord les exportations, ensuite les importations," it must have dashed the hopes of many who still hoped that the Government would at the last moment reconsider its decision to insist on export certificates in lieu of export guarantees.

2. The order of priority in which the various applications received will be dealt with at the end of fifty days—not, as previously reported, at the end of the quarter—is the same as that laid down in article 6 of the Regulations. In point of fact, however, the Licensing Commission, which, until the 6th June, only considered applications in respect of goods which were already in the customs, has ever since then observed the following order:—

- (a) Applications for goods in the customs with export certificates attached.
- (b) Applications for goods not in the customs with export certificates attached.
- (c) Until the 22nd June only, applications for goods in the customs without export certificates.

(It is natural to suppose that priority has been and is being given in the case of (a) and (b) to the applications of those who have sold their exchange to the National Bank.)

3. I understand that import licences are valid for a year.

4. The increase in the number of applications for import licences has been smaller than I thought (paragraph 4 of my despatch under reference); a certain number have also been withdrawn, so that on the 6th July those that had been maintained still stood at fifty to sixty, accounting for not more than 5 to 10 per cent. of the total quota for the first half of the "economic year," i.e., the 23rd June—the 22nd December, 1931. I am reliably informed that nearly half of these applications have been submitted by the agents of Imperial Chemical Industries (Limited), and the balance by importers of motor vehicles and spare parts.

5. In spite of this extremely meagre response to what is in effect an invitation to importers by the Government to make light of the whole gamut of vexatious constraints which the latter delight in imposing on the trade of the country, the Minister for Foreign Affairs had the audacity to state in the Majlis on the 9th July that a glance at the applications for import licences received up-to-date showed that there was no check in the imports of authorised goods! That the quota for the first quarter of the Persian year has been filled by goods in the customs should certainly afford no excuse for this expression of smug self-satisfaction.

6. The law of the 28th June regarding the confiscation of prohibited goods still lying in the customs on the 29th July, which formed the subject of my

⁽¹⁾ Not printed.

telegram No. 8 of the 3rd July, has had a serious effect on prices. It was at first generally interpreted as applying to every manner of goods in the customs, whether prohibited or authorised—which illustrates the bewilderment of the public and small traders—and prices accordingly rose to the extent of 30 per cent. within ten days, only to fall back 20 per cent. when the real intention of the law was understood.

7. The question of the price level is causing the greatest concern, as it may well do, and there is increasing pressure being brought to bear on the Government to fix maximum retail prices for each commodity. I append a table⁽¹⁾ which shows the following increases since the end of January in the cost to the population of what are normally regarded as the primary articles of importation: Sugar, 42 per cent.; tea, 26 per cent.; Russian prints, 90 per cent.; Russian shirtings, 68 per cent.; No. 560 (Manchester white), 20 per cent.; No. 3001 (French all wool serge), 55 per cent. Needless to say there is no question in Persia of adjusting wages to a cost-of-living index figure. The Government have already refused to increase the salaries of their own employees, on the score that sacrifices must be demanded of every individual Persian if the economic regeneration of the country is to be effected.

8. Luxury articles have no price. It is difficult to determine the price of even such authorised articles as Russian prints, the supply of which is running short, as they may change hands among speculators ten times a day.

9. The kran-sterling rate in the Tehran bazaar is naturally following the price level. It is now 113 kran for small amounts and 115 for amounts calculated in thousands of pounds. The rate for export certificates has also risen from 20 per cent. (paragraph 4 of my despatch under reference) to 27½ per cent. It touched 30 per cent., when it was thought that all goods in the customs would be seized by the Government. Importers are consequently more than ever inclined to await developments.

10. Interest naturally centres round the Russian demands and the extent to which the Persian Government will eventually have to give way to them. It will be remembered that Teymourache offered to dispense the Russians from the obligation to sell their exchange as long as they agreed to export before they imported an equivalent amount of their own goods. This offer seems to have been turned down with scorn, but a temporary agreement has nevertheless been arrived at whereby the Russian organisations can continue to export their accumulated purchases of Persian produce during the next fortnight, without any obligation to sell exchange, but obviously on condition that goods are brought in instead. Too much importance need not be attached to this arrangement which was probably due, on the Persian side, (1) to the need to allow in certain quantities of goods with a view to bring prices down, and (2) to the complaints of Persian merchants that the Russians were not being allowed to deliver merchandise according to contract. All Government offices are closed owing to the Ashura holidays, and it is difficult to obtain precise information, but I think it can be taken for granted that only Russian goods in the customs are affected.

11. The Soviet Ambassador recently informed one of his diplomatic colleagues that his Government, apart from their objections to other aspects of the Trade Monopoly, also maintained that they should be allowed to bring in whatever goods—with the exception perhaps of prohibited articles, this point was not made very clear to me—and in whatever quantities they chose, as long, of course, as the principle of the balance of trade were observed. In other words the Russians are strongly opposed to the whole quota system, let alone the compulsory sale of exporters' exchange and the "export before you import" slogan. This new contention clearly dwarfs all others in importance because it cuts at the root of the monopoly itself. Its maintenance should entail the early abolition of the latter, but there seems to be a chance of the Russians abandoning it if their other demands are accepted, in which case it is to be hoped that the Persian Government will not hesitate to make similar concessions to all other nations enjoying most-favoured-nation rights in Persia, particularly in the matter of export certificates—the question of exchange having lost much of its importance owing to the tendency to ship exports in the name of importers.

12. The impression seems to be gaining ground in Tehran that the monopoly laws and regulations will be repealed soon after Teymourache's departure to

⁽¹⁾ Not printed.

Europe in September, to save his Highness's feelings. But I think there is a distinct possibility of an agreement with the Soviets being reached on the lines outlined above. The renewed acceptance by the Persian Government of export guarantees, however casually given, would result in a fresh flow of imports and the return of prices to a more reasonable level. In June 1932, when the gold reserve has been brought up to full strength and the yearly oil royalty can be brought back to Persia to swell the credit side of the trade balance once more, the monopoly could be brought to a graceful end without too much loss of dignity to the Persian Government—or maintained in a very much simplified form to provide a legal justification for the exclusion of goods competing with local products.

13. A copy of this despatch is being sent to the Foreign Office, the Foreign Secretary to the Government of India and to His Majesty's High Commissioner for Iraq.

I have, &c.
E. R. LINGEMAN,
Commercial Secretary.

[E 3839/151/34]

No. 30.

Mr. Dodd to Mr. A. Henderson.—(Received July 24.)

(No. 376. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 14, for the period ending the 15th July, 1931.

Tehran, July 15, 1931.

Enclosure in No. 30.

(Secret.)

Intelligence Summary No. 14, for the Period ending July 15, 1931.

1. General.

(i) REFERENCE Intelligence Summary No. 12, dated the 17th June, 1931, paragraph 1 (ii). It is further learned that the Crown Prince will proceed to either Switzerland or the south of France in September. He will be accompanied by three or four Persian youths of his own age, and will probably remain in Europe for three years. Teymourache, Minister of Court, will escort the Crown Prince and later proceed to England, where he wishes to place his daughter at school.

(ii) The old powder factory and ammunition dump near the mint buildings, 2,000 yards south-east of the British Legation, Gulhek, was the scene of a serious explosion at 11 p.m. on the 6th July. Two buildings were demolished and considerable damage was done, but no lives were lost.

(iii) An order has been issued by which the personnel of the Ministry for Foreign Affairs are forbidden to marry foreign subjects without special previous sanction.

2. Foreigners.

British Subjects.—Sir Robert Clive, K.C.M.G., left Tehran on the 8th July on the termination of his appointment. He is travelling to England via Baku and Moscow. Mr. C. E. S. Dodd officiates as Chargé d'Affaires.

Mr. E. Wilkinson, general manager in Persia of the Imperial Bank, left Tehran on the 8th July on short leave to England.

Captain (local major) L. Steveni, O.B.E., M.C., relinquished the appointment of military attaché, Meshed, on the 30th June.

Captain L. G. W. Hamber took over the appointment of secretary to His Majesty's consul-general, Meshed, from the 1st July.

German.—Comte von der Schulenburg, who has been German Minister in Tehran for the past ten years, will shortly be relieved by Herr von Blücher.

3. Perso-Iraq Relations.

The Iraq Government have recently strongly protested against the construction of a Persian police post, some 300 yards across the Iraq frontier at Chigha Surkh, 13 miles south-east by east of Khanakin. It appeared, at one time, that this might lead to serious trouble between the two Governments, but it is understood that the post is about to be withdrawn. Whilst the Persian Government have denied to the Iraq Legation in Tehran that any Persian police post has been constructed in Iraq territory, they appear, nevertheless, to have ordered its demolition.

4. The Majlis.

(i) The Majlis has devoted considerable attention to a question in the House of Lords regarding Anglo-Persian trade and the answer by Lord Parmoor. This has also been the subject of several articles in the Persian press. Feeling in Persia is so susceptible that any reference to Persian affairs that happens to be made abroad receives considerable prominence in Tehran.

A Deputy drew the attention of the Minister for Foreign Affairs to the reference made to Persia in the House of Lords. The Minister replied at length, defending the Trade Monopoly Law and attempting to prove that this law did not violate the Anglo-Persian Tariff Autonomy Treaty of 1928. He also said that Persia's first duty was to herself, and her interests must be placed before that of foreign nations, but that Persia was very desirous of having friendly relations with all foreign Powers, including, of course, Great Britain.

(ii) It is being arranged that Deputies, during the summer months, will be granted leave only in such numbers as will not interfere with the normal sittings of the Majlis.

5. Persian Air Force.

General Ahmed Khan, Naqchevan, Commandant of the Air Force, has been suspended from duty for low flying in the vicinity of troops who were being inspected by the Shah. Sartip Saler Nizam, Koupal, has taken over command in addition to his duties in the Ministry of War, and Major Khosrovani is in charge of flying duties.

6. Communications.

(i) *Roads.*—The new central road, linking the main Bandar Abbas-Tehran route with Meshed and East Persia, is said to be fit for motor traffic from Yezd to Tabas. Further construction is in hand from Tabas to Tun, and this will join the Meshed-Zahedan road in the vicinity of Bedukht.

(ii) *Railways.*—Owing to difficulties experienced with the Persian customs authorities under the Trade Monopoly Law, railhead of the Quetta-Zahedan (Duzdab) Railway has been withdrawn from Zahedan to Nokkundi.

G. T. HAVARD,
Oriental Secretary.
(Military attaché absent on tour.)

Gulhek, July 15, 1931.

[E 3840/2762/34]

No. 31.

Mr. Dodd to Mr. A. Henderson.—(Received July 24.)

(No. 378.)

Sir,

Tehran, July 15, 1931.

WITH reference to the second paragraph of Sir Robert Clive's despatch No. 313 of the 16th June concerning the regulation recently issued by the Persian Government for the control of ships' crews in Persian ports, I have the honour to transmit to you herewith copies of correspondence exchanged with the Minister for Foreign Affairs in connexion with the visit to Gulf ports of those of His Majesty's ships which are periodically notified to the Persian Government as being stationed in the Gulf.

2. There is nothing in the previous correspondence to justify the assumption that only four ships may be regarded for the purposes of the Persian Government as stationed in the Gulf, but I am inclined to think that the reference in this note to four ships was due simply to an error, the head of the English Section of the Ministry being notoriously vague and incompetent; and that it is consequently unnecessary to revert to the matter with the Minister for Foreign Affairs on that account.

3. Before the incident which gave rise to the correspondence in question it had happened on more than one occasion that the Governor-General of Khuzistan had professed himself ignorant of the special arrangement whereby ships stationed in the Gulf may call at Persian ports by simple notification to the local authorities only; and this Legation had on each occasion definitely requested the Ministry for Foreign Affairs to bring the arrangement to the notice of the authorities at Ahwaz and Abadan in order to avoid the recurrence of the same difficulties. The reply was in most cases to the effect that "the necessary instructions had been issued to the local authorities to permit the visit of the vessel in question," and all reference to the existence of the general arrangement was carefully avoided in these replies. In that respect the present note is much more satisfactory, and will prove useful if at a later stage the Persian Government should attempt to evade their obligations under this arrangement.

4. Copies of this despatch are being sent to the Government of India, the Acting Political Resident at Bushire, the acting British consuls at Kerman (for Bandar Abbas) and Ahwaz and the acting British vice-consul at Mohammerah.

I have, &c.

CHARLES DODD.

Enclosure 1 in No. 31.

Sir R. Clive to M. Feroughi.

My dear Minister,

Tehran, June 1, 1931.

YOUR Highness will remember that on the 25th May I spoke to you on the telephone about the visit of H.M.S. "Hastings" to Abadan and the refusal of the Governor to accept the customary notification as sufficient without reference to Tehran. H.M.S. "Hastings" was due to arrive at Abadan to take in fuel only on the 25th May and to leave on the 26th May. The Governor, when approached, stated that he could not give permission for the visit of himself, even if the crew did not propose to land, but was obliged to refer to Tehran. This he did by telegraph. Your Highness informed me on the telephone on the 25th May that H.M.S. "Hastings's" visit on that day was authorised.

2. At the same time I feel bound to say that I am at a loss to understand why it was necessary for the Governor-General to refer to Tehran for special authorisation for one of His Majesty's ships stationed in the Gulf to call at Abadan to fuel. Your Highness during our conversation on the telephone referred to the "new orders which had been sent to Ahwaz." Am I to conclude that the Persian Government has recently withdrawn from the local authorities in the Persian Gulf the general authorisation, which they previously had, to accept as sufficient the notification of the visit of those of His Majesty's ships which are periodically notified to the Persian Government as stationed in the Persian Gulf? Under the provisional arrangement the Persian Government agreed to regard simple notification of a visit to the local authorities as sufficient. Has the Persian

Government now gone back on this arrangement—and that without giving me any warning? I should be very glad if your Highness would be so good as to elucidate the position.

Yours very sincerely,
R. H. CLIVE

Enclosure 2 in No. 31.

M. Feroughi to Sir R. Clive.

(Translation.)

My dear Minister,

Tehran, July 9, 1931.

WITH reference to your Excellency's esteemed note of the 10th Khordad (the 1st June, 1931) concerning the visit of the ship "Hastings" to Abadan, and the fact that the Governor is not satisfied with the usual notification given regarding the arrival of the said ship, I have the honour to inform you that no change whatever has occurred nor have any new instructions been issued in connexion with the four ships stationed in the Persian Gulf, and the local authorities have been reminded of the situation (*lit.* "of this point") by the competent central department.

As regards the statement made by your Excellency to the effect that in the course of our telephonic conversation I referred to "new orders which had been sent to Ahwaz," I have to state that this is presumably due to a misunderstanding of what I said on the telephone, as I never stated that new instructions had been issued. What I said was that, the Governor of Khuzistan having been replaced, (the new Governor) might be unaware of the precedents of the case and therefore ignorant of how to act.

I avail, &c.
FEROUGHÍ.

[E 3927/2821/34]

No. 32.

India Office to Foreign Office.—(Received July 28.)

Sir,

India Office, July 28, 1931.

I AM directed by the Secretary of State for India to transmit to you, for the information of the Secretary of State for Foreign Affairs, copy of the minutes of the Interdepartmental Conference held on the 20th July, 1931, on the subject of Persian purchase of gunboats and patrol vessels manned by Italian officers for service in the Gulf.

I am, &c.
S. F. STEWART.

Enclosure in No. 32.

Minutes of an Interdepartmental Conference held at the India Office on Monday, July 20, 1931.

Present:

Mr. J. G. Laithwaite (India Office) (*in the chair*).
Lieut.-Colonel H. V. Biscoe (Political Resident in the Persian Gulf).
Mr. G. W. Rendel (Foreign Office).
Mr. C. W. Baxter (Foreign Office).
Mr. W. H. Hancock (Admiralty).
Captain Newman, R.M. (Admiralty).
Mr. A. F. Morley (India Office).

(A)—*Situation created by Persian Purchase of Gunboats and Patrol Vessels manned by Italian Officers for Service in the Gulf.*

MR. LAITHWAITE said that the Persian Government had ordered from Italy two gunboats of about 1,000 tons and four smaller patrol vessels, to be manned by Persians with a sprinkling of Italian officers. The gunboats, according to the latest information, would not be ready before next April. The

patrol vessels were expected to be ready for delivery by the end of the present year. It was clear that the acquisition of these craft would create a new situation in the Gulf, and it seemed desirable to consider without further delay our general attitude in regard to these ships, with particular reference to the danger of aggression by them against the sheikhs of the Arab littoral of the Gulf and to the procedure to be adopted in respect of demands that they should be allowed to visit Arab ports. Certain tentative proposals made by the Acting Political Resident in the Persian Gulf had already been circulated to the Departments interested.

Colonel Biscoe said that in his view it would be extremely undesirable politically to allow these vessels to visit the ports of the various Arab sheikhs without permission. He suggested that the simplest solution of the difficulty might be that we should accept the Persian demand that His Majesty's ships in the Persian Gulf should not in future visit Persian ports, other than Henjam and Abadan, without first obtaining permission from Tehran. (Our position at Henjam was quite special and we would perhaps be justified in asking for special treatment there; while at Abadan he understood that ships could refuel, if necessary, in the river in Iraq territory, and the question of permission might not therefore arise.) In his opinion we should in this event be in a position to demand adoption of a reciprocal procedure by the Persians in respect of their visits to the ports on the Arab littoral.

Mr. Hancock said that the Naval Staff had been reluctant, if this could in any way be avoided, to agree to any procedure under which a formal request to the Persian Government for "permission" for the visit of ships should be made. The difficulty was, however, perhaps one of words rather than of substance, since the Admiralty had recently intimated that, if necessary, they were prepared to agree to prior notification, and in normal circumstances to ask for Persian concurrence in the visits of ships before actually entering their ports, except in the case of Henjam, Abadan, Kharag and Bushire.

Mr. Rendel pointed out that at the present time the general negotiations with Persia had been suspended; our relations with her were far from satisfactory; and it was impossible to say how the situation might develop. We were not in a position to ask Persia for any favours, nor was it perhaps likely that any opportunity would offer in the immediate future, unless negotiations were resumed, of broaching with them again the question of a reciprocal procedure in connexion with the visits of ships. In any case, however, there was considerable risk that the Persians might regard our action in applying a procedure such as that now suggested in the case of the Arab ports as a species of retaliation against them. It must be remembered that if we made ourselves objectionable, even in small ways, the Persians were in a strong position to make our position difficult elsewhere in the Gulf, perhaps notably at Henjam. This was particularly the case as it was hardly to be expected that the Italian officers in charge of the new ships would not, in the near future, discover the advantages of Henjam as a harbour and as a naval base.

Colonel Biscoe thought this an excellent reason for considering transfer of our present station at Henjam to Bahrein, where we should have nothing to fear from the Persians. He suggested, however, that it might be possible to wrap up our request to the Persians for formal notice of the visits of Persian ships to Arab ports in some form of words. He suggested that the agreement with the Persians need only be an oral one.

Mr. Rendel said that he foresaw very great difficulty in this. It was unlikely that the Persians would be content with an oral agreement, and even if they were, this would probably be of little value to us in an emergency. But in any event, the Persians might well question our right to speak on behalf of the rulers of the Arab coast. Even assuming that this could be got over, they would almost certainly—and not unnaturally—require a list of the ports in respect of which prior permission would have to be obtained before visits could be paid. This would inevitably include Bahrein, and there was no hope, in present circumstances, of persuading the Persians to enter into any agreement, oral or written, which formally treated Bahrein as not being subject to Persian suzerainty.

In reply to a question by *Mr. Hancock*, *Mr. Laithwaite* said that our special treaty relations with the rulers of the Arab coast, which had been formally recognised, e.g., in our treaties with Ibn Saud, were such, he thought, as to put us in a strong position internationally if challenged as to our right to speak on behalf of the rulers of the Arab littoral. He added that Persia had never, save very indirectly, challenged our position in Koweit. The treaties under which we control the foreign relations of the Trucial sheikhs had been officially communicated to her so recently as September 1928 in connexion with the Tamb incident. Muscat was, of course, an independent State with foreign treaties of its own. In the case of Bahrein, the views of both parties had been made abundantly clear internationally.

Colonel Biscoe said that he doubted very much if the Persians would, in fact, be likely to send their ships to Bahrein. The meeting, however, was inclined to the view that the risk that they might do so could not be overlooked, and that in this event there might be danger of an incident in the event of their doing so.

After considerable further discussion, *Mr. Laithwaite* said that it seemed clear that, especially now that negotiations had been suspended, we were not in a strong position to broach again with the Persian Government the general question of procedure in connexion with the visits of ships. The India Office were disposed to agree with the Resident as to the objections to allowing visits of Persian ships to Arab ports without prior notification. But the difficulties foreseen by the Foreign Office, more particularly in connexion with Bahrein, could not be ignored. On the whole the best course probably would be to adopt a waiting policy and see how the situation developed. In the event of a decision to remove the naval base from Henjam to Bahrein, we should be more independent of Persia and might perhaps find ourselves able to take a stronger line with her over this question.

The discussion then turned to the possibility that the Persian ships might interfere with Arab dhows in the Gulf.

Mr. Laithwaite said that the Persians could legitimately search dhows for contraband only in Persian territorial waters, though in the case of an island such as Tamb, to which they had a claim, they might, of course, assert that a belt of Persian territorial waters extended around it. As regards the arms traffic, under notifications of 1898 by the Sultan of Muscat, the Sheikh of Bahrein, and the Sheikh of Koweit, the Persians had been empowered to search Muscati, Koweiti or Bahreini vessels suspected of carrying arms and ammunition for introduction into India or Persia, or the States concerned, whether in Indian, Persian or (in the case of Muscat ships) Muscat waters. It was probable that the Persians had entirely lost sight of the existence of these proclamations. But, if this was not the case, they might on occasion afford a satisfactory defence in the event of a Persian seizure of an Arab dhow. On the whole it seemed best, here too, to let the situation develop. The proclamations in question could be rescinded at a moment's notice, if necessary. Formally to rescind them now would draw more attention to the position than was desirable, and might lead to misunderstanding. As regards slavery, there were no formal instruments under which the Persians could claim to search ships suspected of carrying slaves.

The Admiralty representatives pointed out that Persia had not ratified the Arms Traffic Convention, but that that convention would give her certain rights of supervision. They referred to the risk that she might interfere with dhows suspected of carrying slaves on the strength of general international practice.

Mr. Baxter enquired whether there was a risk that the Persians might take advantage of the large numbers of slaves employed on the pearl banks to interfere with pearling operations in the alleged interest of suppressing slavery.

Colonel Biscoe, while recognising that the risk existed, was inclined to think the prospect of any interference improbable.

Mr. Rendel said that he thought there was nothing for it but to wait and see how the situation developed. In the event of a concrete case of injustice or aggression by the Persian ships, our action must inevitably be to a large extent dictated by circumstances.

Mr. Laithwaite enquired whether there was any risk of the Persians interfering with islands on the Arab side of the Gulf. Would it be worth while instructing the sheikhs to fly a flag and possibly to keep a guard?

Colonel Biscoe thought the risk very small, and it was generally agreed that no action need be taken in this direction unless the Persians showed signs of taking an interest in the Arab littoral.

Conclusion.

The general sense of the meeting was that, while it would be desirable to impose limitations on the freedom of access of the new Persian ships to the ports of the Arab littoral of the Gulf and of Bahrein, it seemed doubtful, for the reasons given by the Foreign Office, if any action could profitably be taken at the present time, owing to the danger of retaliation at Henjam and to the impossibility of securing Persian concurrence in an agreement to govern notification or the grant of permission which would cover Bahrein. It was agreed that the position might be eased were we to decide at a later stage to evacuate Henjam. But for the moment there seemed nothing to be done but to wait on events and to keep a sharp look-out for any Persian aggression or interference.

[E 3918/847/34]

No. 33.

Mr. A. Henderson to Mr. Lascelles (Tehran).

(No. 124.)

(Telegraphic.) R.

Foreign Office, July 30, 1931.

Mr. DODD'S despatch No. 365 of 13th July: Infringement of rights of Imperial Bank of Persia by Persian Monopoly Regulations.

I had supposed from Sir R. Clive's telegrams Nos. 108 and 109 of 12th May that the whole question had been settled two months ago. You should take up the matter with the Persian Government as one of urgency, if it has not been settled.

Bank have pressed us for help.

[E 3776/328/34]

No. 34.

Mr. A. Henderson to Mr. Lascelles (Tehran).

(No. 125.)

(Telegraphic.)

Foreign Office, July 30, 1931.

Mr. DODD'S telegram No. 155 of 20th July: Foreign Trade Monopoly Law.

If approached in sense suggested you should give no encouragement and should be non-committal.

I approve general sense of reply proposed in penultimate paragraph, provided that it is made clear that His Majesty's Government cannot, so long as monopoly is maintained, declare themselves ready even in principle to accord favourable consideration to a Persian request of this nature.

(Repeated to India, No. 27.)

[E 3956/18/34]

No. 35.

Mr. A. Henderson to Mr. Lascelles (Tehran).

(Nos. 126 and 127.)

(Telegraphic.)

Foreign Office, July 31, 1931.

Mr. DODD'S telegram No. 150 of 13th July: Suggested bargain over reopening of Duzdap Railway.

His Majesty's Government have decided that, in all the circumstances, it will be preferable to concentrate on trying to obtain extension of permission for Imperial Airways to use South Persian route, rather than on Henjam lease, in

return for reopening of Duzdap Railway. You should therefore approach Persian Government in following sense:—

(R.) Closure of Duzdap Railway was due to action of Persian Government in rendering position of personnel intolerable by refusing to issue the necessary licences, &c., in time. Railway having been closed, His Majesty's Government and Government of India have little inducement to reopen it, especially as it has long been run at a loss, and restrictions imposed by Persian Government on foreign trade have much diminished its utility. His Majesty's Government and Government of India are prepared, however, in view of Persian representations, to consider reopening of railway if Persian Government are prepared to meet them in similar manner, by granting extension of permission for Imperial Airways to use South Persian air route after 31st March next. (Recent survey has shown Central Persian route to be impracticable for a commercial service and other routes will take time to explore.)

In that event His Majesty's Government and Government of India will agree, provided necessary guarantees are given regarding supplies, &c., for personnel, to reopening of Duzdap Railway for period corresponding to that for which Persian Government will extend Imperial Airways permit for South Persian route. They suggest that this period might be five years.

This arrangement would not necessarily exclude, as part of an eventual general settlement and on the lines suggested, transfer to Persia of Persian section of line. (End of R.)

(Addressed to Tehran, Nos. 126 and 127. Repeated to India, Nos. 28 and 29.)

[E 4008/328/34]

No. 36.

Mr. Lascelles to Mr. A. Henderson.—(Received August 1.)

(No. 168.)

(Telegraphic.) P.

Tehran, July 31, 1931.

YOUR telegram of the 30th July.

The German Minister made anxious enquiries yesterday about the matter. He appeared to think that as a result of Mr. Dodd's accident, which happened just before the conversation reported in my telegram of the 20th July, it might have been overlooked. I replied merely that this was not the case.

The difficulties of German trade may have been the sole reason for the Minister's anxiety, but a more probable inference seems to be that it was the Minister of Court who inspired his earlier confidences.

Persian official circles are now trying to suggest that it is the unaccommodating use of the tariff treaty by His Majesty's Government that has inevitably resulted in the Monopoly Law. On the other hand, the uneducated classes believe that His Majesty's Government are deriving benefits from the law for which they are responsible. These rumours mark a change. A fortnight ago Russian dumping was the immediate cause of the monopoly and Russia was the enemy.

[E 4026/18/34]

No. 37.

Mr. Lascelles to Mr. A. Henderson.—(Received August 3.)

(No. 170. Part I.)

(Telegraphic.) R.

Tehran, August 2, 1931.

MINISTER for Foreign Affairs sent for me to-day and explained that he wished to discuss telegraph negotiations. Not having been warned of the subject of interview, I could not discuss French text enclosed in my despatch No. 373 (on which I wait instructions). Agreement had, he considered, been reached on all but two points, viz., (a) repair of Henjam cable, and (b) rates chargeable on Persian section of cable system. I saw a rough Persian draft of proposal which he intended to make regarding (a). This included stipulation that for repairs to Henjam cable the Persian Government should in no case be liable to pay more

than a certain maximum sum (still left blank in the draft). I said, while of course I would report the proposal, I felt doubtful as to its acceptance unless figure proposed were very high. Cable was already old, and a violent storm might necessitate great and unforeseeable expenses on repairs. I did not think company would be willing to tie themselves down in this way. Minister for Foreign Affairs replied that he believed there had been similar arrangement with the Indo-European Telegraph Department, and maximum figure to be inserted in the Persian draft would merely be what Indo-European Telegraph Department had agreed in the past. As regards (b), he would produce written proposal in the next few days.

He appeared to have no objection to the governmental form of agreement (this point had not been previously raised), but distinction obviously meant nothing to him.

I then spoke very strongly on the subject of your telegram No. 124. I reminded him of his own assurances (see enclosure in my despatch No. 224) and of Taqizadeh's promise (see my telegram No. 108). He protested that these promises had been merely to the effect that a solution would be found *if possible*; it had certainly never been the real intention of the Persian Government to put the Imperial Bank of Persia on exactly a similar footing to the National Bank. I expressed astonishment and quoted the Prime Minister's letter of 13th May, 1930. He argued with obvious embarrassment that monopoly law had created a new situation. I retorted that the whole point of this, as of other international agreements, was to provide security against an otherwise uncertain future. As long as the Imperial Bank of Persia continued to be handicapped, His Majesty's Government could hardly avoid conclusion that no agreement with Persia would provide adequate security. His Majesty's Government felt very strongly on this point, and I must beg him to bring about requisite modification in Trade Monopoly Law Regulations without further delay. He promised to take matter up with Council of Ministers, adding that Persian Government had no wish to make trouble for Imperial Bank of Persia. There had, however, been difficulties with Russians. I protested that Russian bank was in an altogether different position. Yes, he said, that was true, and it was not question of Russian bank, but "Russians were the difficulty all the same."

(Repeated to Government of India, No. 115.)

(Part II.)

I then broached the subject of Duzdap and spoke in the sense of your telegram No. 127. Minister for Foreign Affairs tried, as before, to make grievance out of our evacuation on the ground that it constituted detrimental and unprovoked departure from existing position.

I thereupon produced detailed chronological table of whole correspondence, showing that railway employees had hung on for eleven days without provisions and that Minister for Foreign Affairs' note regarding exemption from Monopoly Law restrictions had arrived eight days after evacuation had taken place.

In the face of this he was obliged to admit "Blame did not wholly (*sic*) rest with His Majesty's Government."

I then gave him latest figures regarding loss on Dal Bandin-Mirjawa section and decrease of trade as the result of Monopoly Law, and after brief discussion broached question of Imperial Airways extension. Minister immediately began to belittle importance to Persia of reopening the railway. I reminded him of what he had told Mr. Dodd. He professed that his previous demand had been prompted solely by general economic considerations, and if trade via Duzdap was really so hard hit perhaps after all it would not help much to reopen railway.

I dwelt on acknowledged utility of railway in pacification of Baluchistan and Sarhad, and said that, speaking personally, I imagined Persian Government must have other than commercial uses for the railway; Government requirements were, anyhow, imported free of Monopoly Law restrictions. However, it was of course for Persian Government to decide how much they wanted railway back before general treaty settlement. His Majesty's Government were merely replying to request Persian Government had already made.

Minister for Foreign Affairs then reverted to Imperial Airways question, and said that his personal advice was: "Do not couple the two questions; to do so suggests that His Majesty's Government are bringing undue pressure to bear on Persia for their own ends." I replied that questions were inevitably coupled

in the view of His Majesty's Government, and there could be no question of unfair pressure. We had been requested by Persian Government to shoulder for their convenience heavy economic burden of railway, and we were merely stating terms on which we were prepared to make a business transaction. If for the purposes of public opinion Persian Government preferred that there should be no evidence of connexion between the two issues it might be possible to arrange matters, but I could predict that in practice it would be found that Duzdap problem would not be satisfactorily settled before Imperial Airways problem.

I would, however, act on his suggestion to the extent of enquiring, without further reference to Duzdap, what Persian Government's attitude really was towards Imperial Airways extension.

One had frequently heard opposition came from the army and that Imperial Airways route was supposed to increase unduly British influence in the Gulf. Was not this an empty theory? An ordinary commercial aeroplane landed once a week for half an hour at Bushire and a night at Jask and was subject to supervision and numerous restrictions. What possible effect could this have on the political situation? Minister for Foreign Affairs, as usual, took refuge in complete ignorance, professing to have no idea why his Government were opposed to extension. He also pretended to think Central Persian route was still a possibility. I asked him to take note forthwith that this was not so. If, in spite of unavoidable adverse reaction on public opinion abroad, Persian Government were determined to close the Gulf route to foreign enterprise, then it was only fair to warn companies concerned in good time, as there was naturally much to arrange. Would he therefore bring question up with Council of Ministers and urge the case for an extension, informing me of the result as soon as possible? He promised to do so.

Interview was long and, in view of Minister for Foreign Affairs' character, inevitably inconclusive. Result depends on real importance of Duzdap to the Persian Government.

(Sent to India.)

[E 4017/2821/34]

No. 38.

Sir R. Graham to Mr. A. Henderson.—(Received August 4.)

(No. 570.)

HIS Majesty's representative at Rome presents his compliments to the Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a report from the naval attaché at this Embassy, dated the 29th July, 1931, respecting naval construction in Italy for the Persian Government.

Rome, July 31, 1931.

Enclosure in No. 38.

Captain Ramsay to Sir R. Graham.

Sir,

Rome, July 29, 1931.

I HAVE the honour to submit, with reference to Foreign Office despatch No. 891 of the 16th July, 1931, that I visited the Cantieri Navali Riuniti Works at Palermo on the 25th July and saw on the slips the two 950-ton ships being built for the Persian Government. No names had yet been allotted. I was informed that the first of these vessels would be completed by October 1931 and the second by December 1931.

2. On the 25th July, 1931, I saw the four Persian gunboats of 330 tons being built by the Cantieri Partenopei, Naples. Of these vessels, the "Karkas" had been launched two days previously and the remaining three, viz., "Simergh," "Chahbaaz" and "Shareek" in August 1931. All four gunboats will be completed by the end of November 1931.

3. Both at Palermo and Naples the ships mentioned were being constructed under the supervision of Italian naval officers and no Persian officers have anything to do with them.

4. During conversation with Colonel Giannelli, director of Castellammare Dockyard, who had been detailed by the Commander-in-chief, Naples, to show me round Partenopei Works, I was told that all the senior officers for these ships will be Italian naval officers, and that the officers and staffs for the dockyard or repair base to be constructed near Bushire would be provided from Italian naval dockyards.

5. Persian personnel to man these ships is being trained in Italy, and it is expected they will leave for Bushire early in 1932. Vessels will be employed on the customs service.

I have, &c.

R. B. RAMSAY, *Naval Attaché*.

[E 4020/2982/34]

No. 39.

Mr. A. Henderson to Mr. Lascelles (Tehran).

(No. 129.)

(Telegraphic.) R.

Foreign Office, August 4, 1931.

SIR R. CLIVE'S despatch No. 293 of 12th June: Persian pre-war debt.

Counsellor of Persian Legation stated on 20th July that his Government no longer desire a funding agreement, but wish to repay the entire £490,000 pre-war debt as soon as possible. He was to ascertain how payment should be effected.

The danger, therefore, of prejudicing the remainder of the debt, which was felt by Sir R. Clive to be inherent in the former Persian proposals, seems no longer to exist.

You should, if you see no objection, address to the Persian Government a note in the following terms:—

"His Majesty's Secretary of State for Foreign Affairs has been notified by the Persian Legation in London of the wish of the Persian Government to repay forthwith the sum of £490,000, being part of the Persian Government's debt to His Majesty's Government and the Government of India.

"His Majesty's Government welcome this decision on the part of the Persian Government, and Mr. Henderson will be glad if the necessary cheque for the capital sum with interest to the date of payment may be drawn in favour of the Finance Officer of the Foreign Office."

I am informing the Persian Minister in the above sense. Interest has already been paid to the 8th July.

(Repeated to India, No. 30.)

[E 4058/2821/34]

No. 40.

Mr. Dodd to Mr. A. Henderson.—(Received August 6.)

(No. 386.)

Sir,

Tehran, July 23, 1931.

WITH reference to Sir Robert Clive's despatch No. 329 of the 25th June on the subject of the future Persian navy, I have the honour to transmit to you herewith copies of Bushire despatches of the 26th May and the 17th June, with enclosures, on the same subject. The reference in despatch No. 329 to additional correspondence between the Acting Political Resident and the senior naval officer was due to a misunderstanding, and with the documents now enclosed the correspondence will be seen to be complete.

2. The subject is largely of a technical nature, and I do not feel myself competent to add any detailed observations of value to those already made so fully by the two principal experts on the spot. I would merely draw your attention to the special and unwelcome problem which would be presented in an acute form if one or more of these Persian naval units were to visit Bahrein. They might even be used for the purpose of giving effective form to Persian claims to sovereignty over Tamb and Abu Musa. It will be recalled that the Island of Sirri, whose history, till 1887, was identical with that of Tamb and Abu Musa, has, since that date, been subject to Persian control for no better reason than that the Persian Government of that time, though far more feeble than now, and possessing no navy of any kind, decided to occupy and present His Majesty's

Government with a *fait accompli*. The proposal for a lease of Tamb made by the Minister of Court last October (see Sir Robert Clive's despatch No. 526 of the 28th October, 1930), which would have implied Arab sovereignty, was dropped as soon as it was made. It may have been seen to have been a false move, and when it was mentioned to me by the head of the English section of the Ministry for Foreign Affairs on the 12th instant, the latter was disavowed by the Minister for Foreign Affairs the next day (see my telegram No. 149 of the 13th instant). It may perhaps be argued that such contingencies are unlikely, and that the Persian Government may be trusted to avoid a situation so obviously fraught with the gravest possibilities of trouble. Be that as it may, I feel that, in view of the recent trend of Anglo-Persian relations, it would be unwise wholly to ignore such an eventuality. The Minister of Court has of late displayed a markedly defiant attitude where foreign relations are concerned, and it must be borne in mind that the ships now being built will in reality have no other *raison d'être* than the assertion of Persia's imagined rights in the Gulf. Caution and political good sense are not conspicuous features of the new Persia, and the desire to damage British prestige among the Gulf Arabs is undoubtedly strong.

3. I consider, therefore, that it would be only prudent to decide now the policy best calculated to forestall eventual trouble; and I venture, accordingly, to suggest that, as soon as it is clear that a Persian fleet is, in fact, to be reckoned with in the Persian Gulf, a definite warning should be given to the Persian Government, and that it should be communicated to the League of Nations. Its terms will, of course, require very careful deliberation, and I understand that you will have the opportunity of discussing the question with Lieutenant-Colonel Biscoe, who, from his intimate experience of conditions, is naturally best qualified to inform you of all its local aspects. It will be necessary to decide, in framing that warning, whether it suits the policy of His Majesty's Government that Persian warships should be allowed to visit Arab waters at all, and, if so, in what conditions. Due regard will have to be paid to the probable repercussions of that decision upon the attitude of the Persian Government to the visits of His Majesty's ships to Persian ports. The danger appears to be that the Persian Government, either deliberately or through sheer blundering, may force the issue of the disputed sovereignty. If this dispute must unavoidably be brought to a head, it will, I suggest, be advantageous to His Majesty's Government not to allow the Persian Government to come before the public forum with a *fait accompli*, pleading that His Majesty's Government had not made clear their resolve to challenge and oppose any overt act tending to assert Persian sovereignty.

4. This question of sovereignty in Arab waters is one in which Persian *amour-propre* is deeply involved. It may perhaps not be inapposite to remind you that recently the Persian frontier guards started to build a fortified post some 300 yards within Iraq territory. It was just a mistake, as far as I am at present aware. But there was no immediate withdrawal when the mistake was pointed out. Orders from the Shah personally were required to stop the building. A commission had to be sent to the spot by the Persian Government to verify the encroachment. Presumably, after such verification, the garrison will be withdrawn; but at the moment of writing I have received no information that the incident is finally closed. I mention this merely to show that, even in a case where *amour-propre* is not specially inflamed, an incident of this kind requires very careful handling where Persians are concerned, if trouble is to be avoided. Where *amour-propre* has already got the better of reason, as in the case of the Persian pretensions in Arab waters, the only safe policy is to ensure, so far as may be possible, that incidents do not occur at all. I consider that a timely warning is less likely to provoke the Persian Government into creating an incident in order to enforce their claims than to move them merely to reaffirm their point of view, as they have often affirmed it before. Such peaceful reaffirmation would not worsen the situation for His Majesty's Government.

5. I am sending a copy of this despatch to the Foreign Secretary to the Government of India and to the Acting Political Resident in the Persian Gulf.

I have, &c.

CHARLES DODD.

Enclosure 1 in No. 40.

Consul-General Biscoe to Sir R. Clive.

(Confidential.)

Sir,

Bushire, May 26, 1931.

I HAVE the honour to acknowledge the receipt of your confidential despatch No. 67 of the 16th May, 1931, regarding two gunboats and four motor patrol vessels being built in Italy for service in the Persian Gulf.

2. I have communicated the information which you have supplied to me to the senior naval officer, and have asked for his technical opinion on the possibility of docking these vessels, and his views will be communicated to you as soon as received; meanwhile, however, as I am leaving in a few days' time, I submit my views for what they may be worth.

3. The motor patrol boats could certainly enter Bushire harbour without difficulty; the gunboats could, I think, also do so, though they would doubtless have to await high tide, &c. Moreover, the fairway is exceedingly narrow, and if several of these vessels were there at the same time it would probably be very difficult for them to get in or out. Docking facilities there are none at Bushire, but probably the motor patrol boats could be docked in the Anglo-Persian Oil Company's dry dock at Abadan; the gunboats could not, I think, be docked nearer than Karachi or Bombay, but I am asking the senior naval officer whether this is correct. Speaking as a layman it seems to me that the obvious place really to put these vessels is Mohammerah; they would lie in fresh water, and thus fouling of their bottoms would be greatly reduced, and it would probably suffice to dock them once a year instead of once every six months, and there would be of course greater facilities for refuelling and carrying out repairs, &c., as no doubt the Anglo-Persian Oil Company would be ready to assist them to some extent with the extensive resources at their disposal. However, apparently this somewhat obvious base does not commend itself to the Persian authorities.

I have, &c.

H. V. BISCOE, *Lieut.-Colonel,*
Political Resident in the Persian Gulf.

Enclosure 2 in No. 40.

Acting Consul-General Fowle to Sir R. Clive.

(Confidential.)

Sir,

Bushire, June 17, 1931.

IN continuation of Colonel Biscoe's despatch of the 26th May, 1931, I have the honour to enclose herewith copies of letters from the Senior Naval Officer, Persian Gulf, to the Political Resident Bushire, dated the 9th June, and to the Commander-in-chief, East Indies Station, dated the 26th May, written before the receipt of a copy of my letter of the 8th June, 1931.

2. With regard to the points raised by the senior naval officer in his despatch to his Excellency, the Commander-in-chief, East Indies, (a) and (b) *prima facie* are connected with the treaty negotiations, (c) is presumably a matter to be decided between the Admiralty and the Foreign Office, (d) and (e) I have touched on in my letter quoted above. With regard to (f), I think that our consuls on the Persian side, and political agents on the Arab side of the Gulf, and the Residency Agent, Shargah, if given whatever special instructions the senior naval officer would like to suggest, should be able to keep watch on the movements of the Persian vessels in question.

3. I am sending to the Government of India and His Majesty's Secretary of State for India copies of Colonel Biscoe's letter dated the 26th May, 1931, and of this letter and its enclosures, and to the Senior Naval Officer, Persian Gulf Division, copy of Colonel Biscoe's letter and of this letter.

I have, &c.

T. C. W. FOWLE, *Major,*
Officiating Political Resident in
the Persian Gulf.

Enclosure 3 in No. 40.

Senior Naval Officer, Persian Gulf Division, to the Political Resident in the Persian Gulf, Bushire.

(Secret.)

June 9, 1931.

I BEG to acknowledge the receipt of Colonel Biscoe's letter dated the 26th May, on the subject of the Persian navy.

2. For your information I am forwarding a copy of a letter, dated the 26th May, 1931, which I have myself addressed to his Excellency the Naval Commander-in-chief on this subject. It is requested that copies may be transmitted to His Britannic Majesty's Minister, Tehran.

3. With reference to paragraph 4 of my letter, I have now been advised that the Anglo-Persian Oil Company's floating dock at Abadan is capable of docking the small motor patrol vessels. Enquiries have been instituted to ascertain whether the resources of the company are such that the general refit work of these vessels could be undertaken at regular intervals.

4. The two gunboats could not be docked at Abadan. Generally speaking, vessels of this class in modern navies are docked twice in each year, during one docking period a general refit of the ship should be undertaken. It is quite possible that the Anglo-Persian Oil Company might be in a position to take in hand some repair work, but it is, of course, impossible to repair under-water fittings, unless vessels proceed into a dry dock. It is clear therefore that though the Persians might dispense with the half-yearly docking, they cannot omit to dock the vessels at intervals of approximately one year, if the efficiency of material is to be maintained at a reasonable level. The docking and general overhaul combined would put the ships out of action for at least a month or, more likely, six weeks. The nearest ports with adequate docking facilities for these two vessels are Karachi and Bombay.

5. In Colonel Biscoe's letter it is suggested that the Persian authorities are disposed to base their ships at Bushire. There is no doubt that Bushire is in a more central position than Mohammerah for the prevention of smuggling along the Persian Coast, but the port has many disadvantages. For example, the ships' bottoms will become more foul if they lie at Bushire; so far as is known there are no facilities there for replenishing the ships with fuel; Bushire would be more inconvenient as a storing port; it is an exposed anchorage and the port is relatively more unhealthy than Mohammerah. On the other hand, Mohammerah suffers from the disadvantage that the control of the Shatt-al-Arab is vested in Iraq, and so the ships would be compelled to navigate a considerable stretch of Iraq waters before they could anchor in Persian waters. There is an expression of opinion in W. E. Hall's "International Law" (eighth edition, 1924), p. 197, *et seq.*, which bears on this point. Of course if the right of innocent passage through Iraq waters was recognised expressly or by implication, no great inconvenience would arise, for the public status of these vessels would entitle them to enjoy certain privileges (*ibid*, p. 345, *et seq.*). But however carefully the position was regulated no one could recommend as a naval base any port from which free egress to the open sea is no guaranteed under all circumstances.

6. Whilst discussing the position as it affects Mohammerah it may be remarked that there is always a possibility that if Iraq raised any objection to freedom of navigation of warships in the Shatt, the Persians might retaliate by raising the question of the frontier, and it is conceivable that they might point to the fact that much of the Rooks Channel itself is in Persian territorial waters. It would seem desirable, therefore, that the Persian Government be encouraged to base their ships at Bushire rather than at Mohammerah, so as to avoid any question of their raising these points when the ships do arrive.

7. To return to Bushire, perhaps Sir Robert Clive might be interested in the following remarks:—

(a) Mean draught:—

Motor patrol vessels: 5 ft. 8 in.

Gunboats: 9 ft. 11 in.

(b) Motor patrol vessels and gunboats can use the inner anchorages at all states of the tide.

- (c) There is a bar—called the Lakfa Sand—with $\frac{3}{4}$ fathom on it between the inner anchorage and the deep water alongside Bushire town. Once across this bar there is ample water for both types of ships at all states of the tide.
- (d) The motor patrol vessels would require $1\frac{1}{2}$ ft. rise above datum and the gunboats 6 ft. to cross this flat.
- (d) Ability to cross the Lakfa Sand is roughly as follows:—

Month.	Motor Patrol Vessels.	Gunboats.
January ..	First half of month, except within two hours of low water; end half of month, except for two hours out of twenty-four	At top of high water on about six days of month only.
February ..	Except within one hour of low water ..	At top of high water on two days of month only.
March ..	" " " " ..	Not at all.
April ..	Except for about fifteen hours during month	" "
May ..	At all times ..	At top of high water on three days of month.
June ..	" " " " " " ..	At top of high water on ten days of month.
July ..	" " " " " " ..	At top of high water on fifteen days of month.
August ..	" " " " " " ..	At top of high water on eight days of month.
September ..	" " " " " " ..	Not at all.
October ..	" " " " " " ..	At top of high water on three days of month.
November ..	Except for about fifteen hours of month ..	At top of high water on ten days of month.
December ..	Except for low-water springs, at all times	At top of high water on ten days of month.

- (e) The above table has been made out for the year 1931. It would, of course, not necessarily hold good for any other year, and should only be regarded as a general indication and not as an accurate statement, as wind and weather also affect the depth of water.
- (f) From the above table it will be seen that the gunboats can only use the anchorage alongside the town by crossing the bar at the top of high water on certain selected days. For several months these days are very few, and for about three months they do not occur at all. The motor patrol vessels can use the anchorage off the town throughout the year, and it is really only at low-water springs that they would not have enough water.
- (g) The draught given is "Tirant d'eau moyen." If this really means the "mean" draught it is probable that the maximum draught would be something like 2 ft. more, which would considerably reduce the mobility of the ships in Bushire harbour.

8. In regard to the question of the interchange of the customary international courtesies when British and Persian naval forces happen to meet, I would refer the Political Resident to the Admiralty for full information on the subject. Actually, the rules laid down have been agreed upon by the great maritime Powers generally and are printed in the King's Regulations and Admiralty Instructions. In my opinion, however, it would be more satisfactory that any information required on this matter should be supplied by the home departments direct to the Political Resident and His Britannic Majesty's Minister so that a definite and authoritative ruling could be said to have come through the proper channels.

9. It would be appreciated very much if any further information which comes to hand concerning this new navy could be passed to me immediately, so that details may be passed to the Commander-in-chief without delay.

L. E. CRABBE, *Captain.*

Enclosure 4 in No. 40.

Senior Naval Officer, Persian Gulf Division, to the Commander-in-Chief, East Indies Station.

(Secret.)

May 26, 1931.

DURING my recent visit to Bushire from the 22nd to the 24th May, I discussed in a general way, with the honourable the Political Resident, questions relating to the establishment of a Persian sea-going naval force in the Gulf.

2. The Political Resident informs me that he himself lacks information on the whole subject, though he has learned that in this year's budget a sum stated to be about £250,000 has been appropriated for the building programme. If this is true, it seems that the reports already received that the ships are due to be completed towards the end of this year must be taken seriously.

3. I suggested to the Political Resident that the advent of a Persian naval force raises question of some importance; he agreed, and expressed the view that the time had now arrived when we both would be well advised to seek instructions from our respective superiors.

4. It is difficult for me at this juncture to forecast what problems will actually arise, for there is very little information upon which to work. For example, we do not know what provision has been made for docking and repairs, for fuel requirements, nor do we know whether the ships will be officered or manned by Italian or Persian personnel. I have heard that the Anglo-Persian Oil Company has been approached with a request that their small floating dock might be made available for docking the ships, but I also understand that the dock is not large enough.

5. A few years ago it might have been safe to assume that a Persian navy would seldom, if ever, put to sea, particularly as no repair facilities can be said to exist beyond those which might be provided by the Anglo-Persian Oil Company, but to-day Persia is in a very different way, at least for the moment, and is ruled by men who are inclined to sweep away difficulties and who like to see results, even though the results achieved are of little practical value. In these circumstances, it would be most unwise to assume that newly-completed ships will not be employed at sea when they first arrive.

6. I would submit to your consideration the following points which are put forward tentatively as a basis for enquiry:—

- If the ships use or propose to use Henjam, what should be the attitude of the Senior Naval Officer, Persian Gulf?
- Similarly, if the Persians wish their ships to make use of the anchorage off British Basidu.
- When Persian vessels are met with in any port or on the high seas, it is presumed that the customary international courtesies will be exchanged. They may be quite ignorant of procedure in this respect, and questions of seniority and status might well arise, even if the vessels are manned by Italians, for officers lent to a foreign navy might be considered as having lost the status and seniority they enjoy in their own service.
- The Persian ships might be sent to cruise along the Trucial and Batineh coasts, they might want to visit Bahrein, Koweit and Doha; it is quite likely that the Government will want to show their ships to the Arabs.
- They may go in for cruises on the Pearl Banks and may possibly interfere with Arab dhows on the high seas.
- It seems important, too, that an organisation should be set up for reporting the movements of Persian ships direct to the Senior Naval Officer, Persian Gulf, so that their activities can be watched.

7. Some guidance as to the policy to be followed in regard to the various points raised, and in regard to others which will almost certainly be raised in a discussion of the whole question, would be particularly useful, for I believe that much will depend upon whether or not the position during the first year or so after the arrival of the vessels in the Gulf is handled in a careful systematic manner. It is also important, in my view, that every effort should be made to acquire information as to the ships and details of the administration proposed for them.

L. E. CRABBE, *Captain.*

[E 4061/3059/34]

No. 41.

Mr. Lascelles to Mr. A. Henderson.—(Received August 6.)

(No. 389.)

Sir,

Gulhek, July 26, 1931.

WITH reference to Sir R. Clive's despatch No. 263 of the 30th May last concerning the engagement by the Persian Government of four Belgian financial experts, I have the honour to inform you that three of these experts, MM. Clavier, Smets and Daris, arrived in Tehran on the 21st July. The fourth, M. Lefèvre, has been detained in Belgium by reason of an operation which he has to undergo, and it appears doubtful whether he will be able to take up his appointment in Persia at all.

2. I am sending copies of this despatch to the Foreign Secretary to the Government of India and to His Majesty's Acting High Commissioner for Iraq. I have, &c.

D. W. LASCELLES.

[E 4066/439/34]

No. 42.

Mr. Lascelles to Mr. A. Henderson.—(Received August 6.)

(No. 401.)

Sir,

Gulhek, July 29, 1931.

I HAVE the honour to inform you that the French Minister, in the course of a farewell visit to Mr. Dodd, at which I was present, volunteered the information that he had recently been instructed by his Government to sound the Minister for Foreign Affairs on the prospect of an extension of the present temporary permission accorded to the Air Union Line for flights along the Persian shore of the Gulf. Feroughi had, it seems, held out no hope whatever of any such extension; M. Maugras had spoken strongly of the power of publicity and of the extremely unfavourable impression which would be caused in the west by any attempt on the part of the Persian Government to close the Persian route to foreign enterprise, but Feroughi could only mumble apologetically that the army held very definite views on the subject, and that he did not see the least prospect of securing an extension.

2. I had the impression that M. Maugras had heard of the project to transfer the Imperial Airways route to the Arabian shore of the Gulf, and was anxious to find out whether any decision had been reached in the matter. The conversation was led into other channels.

3. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.

D. W. LASCELLES.

[E 4069/151/34]

No. 43.

Mr. Lascelles to Mr. A. Henderson.—(Received August 6.)

(No. 406. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 15 for the period ending the 29th July, compiled by the military attaché to this Legation.

Tehran, July 29, 1931.

Enclosure in No. 43.

(Secret.)

Intelligence Summary No. 15 for the Period ending July 29, 1931.

1. General.

(i) DURING the past fortnight His Majesty the Shah has been on a shooting expedition in the reserved area in the vicinity of Tehran. He was accompanied by the Crown Prince and a small personal staff. His Majesty returned to his Sa'dabad palace on the 24th July.

(ii) The Government of the U.S.S.R. recently presented the Shah with a consignment of agricultural machinery, which was handed over for the use of the Agricultural College at Karej.

(iii) The Municipality of Tehran proposes to introduce a service of electric tramways in the town. Under arrangements with the Soviet Oil Company certain streets are to be paved with asphalt.

2. Persian Officials.

It is reported that Muzaffer A'alam, Sirdar Intesar, Governor-General of Fars, has been recalled, and that M. Farajullah Khan, Bahrami, until recently Governor of Isfahan, will be appointed to succeed him in Shiraz.

M. Mirza Ali Asghar Khan, Taleghani, is appointed Governor of Bushire and the Gulf Ports. He was formerly in the Finance Department, and has recently served on the Railway Committee.

Yadullah Mirza Azodi will proceed to Washington, United States of America, as Chargé d'Affaires of the Persian Legation. At one time he was first secretary in Berlin, and has since been employed in the Ministry for Foreign Affairs.

Saifuddin Khan, Bahman, is appointed Governor of Pahlavi.

Mirza Isa Khan, Feyz, Commissioner of the Anglo-Persian Oil Company in London, has been recalled to Tehran.

3. Foreigners.

British Subjects.—Mr. C. Dodd, Chargé d'Affaires, British Legation, Tehran, broke several bones in his foot as the result of a riding accident on the 19th July. He left for Bagdad by air on the 26th July, and will probably have to proceed to England for treatment. Mr. D. W. Lascelles officiates as Chargé d'Affaires pending the arrival of Mr. H. L. Baggallay, second secretary, who is expected in Tehran on the 1st August.

Egyptian.—M. Ismail Kamel Bey, Egyptian Minister in Athens, is transferred to Tehran in the same capacity.

Belgians.—The director and two members of the Belgian Financial Mission have arrived in Tehran, namely, M. C. Clavier and MM. L. Smets and D. Davis. They have commenced their duties in the Ministry of Finance.

4. The Majlis.

A good deal of time is always taken up in the Majlis with discussions on the subject of new contracts and renewals of contracts of foreigners in the employ of the Persian Government. Several such cases have recently been discussed, and the number of foreigners employed appears to be on the increase, rather than on the decrease as might be expected.

A Bill was submitted regarding the punishment of those who attempt to evade military service or assist in such evasion. Heavy penalties will be exacted, and this law, combined with various measures recently adopted, will result in enforcing conscription on stricter lines throughout the country.

5. Communications.

Roads.—The project for a new road from Karej, 23 miles from Tehran, on the main Kazvin road, to the Caspian Sea, following the valleys of the Karej and Chalus Rivers, is not affecting the construction on the other road

[6751]

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from Tehran towards the Caspian. The latter has been roughly made up to Ushan, 12 miles north by west of Tehran, via Surkh Hissar and Lashkerek. A large number of labourers are employed on the above projects.

6. Quarantine.

Quarantine, for plague and cholera, for travellers arriving from Iraq was removed on the 13th July. Individuals have still to be in possession of inoculation certificates, and passengers to Gulf ports are subject to medical examination.

7. Azerbaijan.

(i) On the evening of the 18th June, sixteen prisoners, chiefly Kurds and Soviet refugees, escaped from the prison at Tabriz, of whom all except two were almost immediately recaptured. The Chief of Police from Tehran, Sartip Muhammed Hussein Khan, Airom, went to Tabriz to enquire into the matter. On his arrival he dismissed the local head of police and severely punished several prison and other police officials. Sartip Airom took the opportunity of this visit to check the activities of the Communist element in Azerbaijan, which appears to have been in evidence lately. As many as one hundred persons are said to have been arrested in Tabriz itself, and several more in Ardebil, Ahar and other neighbouring towns. A number of those arrested are Persian employees of Soviet organisations and business concerns. It is believed that the police discovered communistic literature and other papers whilst making the above arrests. Sartip Airom has now returned to Tehran.

(ii) A further engagement took place between Persian troops and Kurdish tribesmen in the north-west frontier area of Azerbaijan on the 4th July, and desultory fighting continues.

(iii) On the 27th June a fire broke out in the ammunition depot near military headquarters in Tabriz. A considerable amount of ammunition was destroyed.

(iv) The Polish consulate in Tabriz is being withdrawn.

8. Kermanshah Province.

The Jaf tribe, who are accustomed to winter in Iraq and summer in Persia, have not yet been able to settle on their summer grazing grounds. The Persian Government this year are demanding exorbitant grazing fees from the tribe, nearly twelve times as much as usual, also customs duty on the stores and personal effects of the nomads. It may be that the Persian Government hope that this tribe will eventually decide to become Persian subjects, as the taxes paid, and the trade done, in Iraq would be very useful to the Persian Government. In the meantime, the Jaf are suffering acute distress from having to remain in the plains during the hot weather.

9. Kerman.

On the 17th June a gang of Parsi robbers attacked one of the Government Inspection Committees near Gudar-i-Garm on the Bandar Abbas-Kerman road, whilst they were travelling by car to Kerman. Sartip Haider Quli Khan was wounded in the chest and the remaining four members were stripped of all their belongings. The committee had been making investigations and enquiries in Bushire and the Gulf ports, and the result of four months' labour was burnt by the robbers.

PERCY C. R. DODD, Lieutenant-Colonel,
Military Attaché.

Gulhek, July 29, 1931.

[E 4186/847/34]

No. 44.

Mr. Dodd to Mr. A. Henderson.—(Received August 12.)

(Nos. 177 and 178.)

(Telegraphic.)

Tehran, August 12, 1931.

(R.) MY telegram No. 170.

On 4th August Minister of Finance addressed personal letter to acting chief manager of Imperial Bank of Persia pointing out that he had from the first refuted bank's claim to equality with National Bank in the matter of exchange.

If the Government decided to consider matter it would only be with a view to doing bank a favour if possible. Under the circumstances the relevant passage in speech of bank chairman at annual meeting was inconsistent with the facts and misleading. Moreover, it was hardly calculated to induce Council of Ministers to take a favourable decision.

Acting chief manager was told by Minister of Finance a few days before that nothing had been done to settle the question, and he was washing his hands of it. (End of R.)

New situation may arise in near future, as bank will probably be asked to put off withdrawal of its notes once more.

Bank should then be able to demand with some force treatment to which it is entitled, but its position would be further strengthened were I authorised to address official remonstrances to Persian Government on lines of your telegram No. 67.

[E 4214/2982/34]

No. 45.

Mr. Dodd to Mr. A. Henderson.—(Received August 13.)

(No. 179.)

(Telegraphic.) R.

Tehran, August 12, 1931.

YOUR telegram No. 129.

I addressed note to Persian Government as instructed on 5th August.

Head of English section of Ministry for Foreign Affairs yesterday informed me orally that Minister of Finance had now discovered that money intended for repayment was locked up in various English banks and could only be realised in cash in six months' time. He suggested that these deposits should be transferred forthwith to the name of His Majesty's Government and that debts should be deemed to have been repaid as from date of such transfer. In reply to the obvious objection that His Majesty's Government would be losing by way of interest the difference between bank deposit rate and 7 per cent., he admitted that Persian Government were asking a favour. The suggestion that this request ought to be put in writing was not well received.

Please see my immediately following telegram.

[E 4215/2982/34]

No. 46.

Mr. Dodd to Mr. A. Henderson.—(Received August 13.)

(No. 180.)

(Telegraphic.)

Tehran, August 12, 1931.

MY immediately preceding telegram.

Persian Government's financial reason for wishing to repay is clearly to stop paying so high a rate of interest as soon as possible. Political motive is probably to be able to patronise His Majesty's Government by pretending that they have come to His Majesty's Government's assistance at a time of general depression by repaying an old debt, thus proving Persian Government's financial stability in contrast to other countries. Furthermore, in spite of Treasury's reassurance on this point, Persian Government may intend to pose before international money market as having discharged the whole indisputable debt with a view to contracting a fresh loan on unmerited credit.

[6751]

I consider it important at this juncture not to lose such moral ascendancy here as His Majesty's Government still enjoy, and I suggest I should return in writing a reply to the effect that His Majesty's Government appreciate this effort of the Persian Government to liquidate this obligation at a time when Persia's finances are a source of such embarrassment to Persian Government. His Majesty's Government do not wish to press Persian Government for repayment until it is convenient for latter to conclude these arrangements for realising their assets. The loan was made in cash at 7 per cent., and of course must be repaid in cash and bear that interest to day of repayment. His Majesty's Government will be contented with repayment in six months' time if Persian Government are no longer embarrassed then.

I understand Imperial Bank of Persia in London can furnish details of investments alluded to by Persian Government, in any case in so far as two amounts of £200,000 each are concerned.

[E 4186/847/34]

No. 47.

Mr. A. Henderson to Mr. Dodd (Tehran).

(No. 134.)

(Telegraphic.) P.

Foreign Office, August 13, 1931.

INFRINGEMENT of rights of Imperial Bank of Persia by Persian Monopoly Regulations.

Your telegram of the 12th August.

Provided you are satisfied that undertaking given by Minister for Foreign Affairs on the 2nd August to go into the matter with Council of Ministers will not shortly result in a satisfactory settlement being reached, by all means act as you suggest in your above-mentioned telegram.

[E 4296/847/34]

No. 48.

Mr. Dodd to Mr. A. Henderson.—(Received August 19.)

(No. 183.)

(Telegraphic.) P.

Tehran, August 18, 1931.

YOUR telegram of the 13th August.

Acting chief manager of Imperial Bank of Persia has told me that he would rather I did not address note for the present. I have agreed not to do so, because he has now received a request that the bank should maintain its note issue until the 20th March, and a provocative assertion of formal rights might have the effect of endangering the practical negotiations on which he is engaged.

[E 4315/168/34]

No. 49.

Mr. Lascelles to Mr. A. Henderson.—(Received August 20.)

(No. 413.)

Sir,

Gulhek, July 31, 1931.

I HAVE the honour to transmit to you herewith, in translation, the text of a law which has been submitted to the Majlis Judicial Commission regarding the scale of punishment contemplated for those officials of the Department of Justice who, for personal, private or other motives, fail to dispense justice impartially in the cases with which they are called upon to deal.

2. Of the various cases of failure to obtain justice which of late years have come to the notice of this Legation, the most notable is the suit arising out of the assault on the consular clerk at Ahwaz (see Sir R. Clive's despatch No. 338 of the 27th June, 1931). The savage flogging of a British-Indian subject at Chahbar by order of a military officer comes within the scope of a military tribunal in so far as disciplinary action is required, but it would presumably be the duty of the public prosecutor of the civil court to enquire into the request of a civilian for redress and compensation against a military officer, especially when the latter

as the Persian Government in this case admitted, was acting outside the scope of his military duties. In no case which has come to the notice of this Legation have the civil courts dared to intervene where a soldier (officer or man) was concerned, and this is true even where there were aspects of the case which brought it within the competence of the civil courts.

3. It is now three years since the abolition of the capitulatory régime, and although the Minister of Justice has made great efforts to build up a satisfactory Administration, he has encountered so many difficulties that the process has been much slower than was expected. The larger towns have naturally been the first to claim his attention, and there, apart from inordinate delays in the administration of justice owing to the innumerable appeals and counter-appeals which Persian law appears to allow, a certain amount of success has attended his efforts. Daver's greatest difficulties, however, have been lack of material and lack of money, and there are still some places in South Persia, especially along the Gulf coast, where even primary courts have not been opened. A case in point is Bander Abbas, where a number of British-Indian merchants are domiciled, and where, in spite of repeated representations by this Legation in the course of the last two years, no law court of any kind at present exists. Daver has found too few people willing to face the climate of the Gulf, and his budget has not allowed him to make offers sufficiently tempting to offset the uncomfortable living conditions. His latest proposal is to invest the Governors of such places with magisterial authority and to give them a few months' training in the courts of the nearest town before letting them return to their posts to exercise their dual functions. This is certainly not an ideal way of filling the gaps, but it is perhaps better than having no courts at all and obliging British-Indian traders to travel some hundreds of miles to the nearest court in order to obtain a hearing of the simplest case.

4. Meanwhile, discipline in the Judicial Administration leaves much to be desired; a reduction in his salary recently caused the chief justice at Bushire to resign his post without warning a few minutes before an important case was to be heard. A British firm happened to be a party in the case, and had gone to the expense of sending a lawyer by air from Tehran to take charge of its interests. The matter was taken up by His Majesty's Legation, but their representations have so far been without result.

5. It has not come to the notice of this Legation that the courts of justice are more corrupt than other administrations; they are certainly less corrupt than the military: the most luxurious houses in Tehran are almost all owned by officers of the army. During the last two or three years mixed commissions composed of officials drawn from the various Departments of State have been sent round the country to inspect provincial departments, the president of the commission usually being a general or a military officer of high rank; these commissions claim to have brought to book a number of corrupt officials, but they have, in general, acted with so little regard for the laws of the country and with so little ordinary tact that the result in many instances has been a complete disorganisation of the provincial administration concerned. Mirza Hassan Khan Mushar resigned his post as Minister of Finance last year, largely because his administration both in Kerman and Yezd had been completely disorganised by one of these commissions, which had put under arrest the greater part of the staff. As a result, the Minister could find nobody willing to go there. A commission which recently visited Bushire enquired into complaints of bribery made against M. Wolters, the Belgian in charge of the customs, in connexion with a transaction in opium. This official was obliged to resign his post and leave the country, although M. Dekerekheer, the Administrator-General of Customs, informs me that the complaint was quite unfounded, as his subordinate had acted on authority given to him from Tehran. (It is perhaps only fair to add that, in this particular case, the commission did better than they knew, for M. Wolters was undoubtedly corrupt, and had been for long a thorn in the flesh of His Majesty's consulate-general.) Other Belgians who had been formerly in the south were also brought under suspicion, and it seems likely that the Persian Government will avail themselves of this fact (even where the evidence is negative) to replace them with other Belgian officials, whom it is hoped to engage on a lower scale of pay.

6. It would, I fear, be a mistake to take this ostensible attempt to stamp out corruption at its face value; there is one law for those in high places and

[6751]

another for the common herd of petty officials; one law for those in the provinces and another for those in Tehran. Corruption is merely being centralised for the benefit of a more restricted and more shamelessly venal few. In a land where a large measure of corruption has always been so usual as to excite no comment, the higher officers of the army and one or two officials of the Court are yet notorious for their venality, and although a great outcry was made over the punishment of Prince Firuz for corruption, nobody in all Persia believes that he was punished for that reason. So long as the present state of affairs remains unchanged, such laws as this must be regarded as an attempt to throw dust in the eyes of the casual observer and the temporary visitor to Persia. Such people are to be asked to believe that the present régime is, above all, honest, scrupulous and imbued with the highest ideals for the welfare of the Persian people. Only the most superficial observer could believe this to be the case.

7. Even if taken solely at its face value, the present state of judicial affairs in Persia leaves much to be desired. But there is one important aspect of the matter which I have not touched on here: there can be no doubt but that torture and all sorts of "third-degree" methods are being extensively and increasingly resorted to, both by the police and the "commissions of enquiry." First-hand evidence on such a subject is naturally hard to come by, but it is a question that cannot be disregarded, in view of the large number of British and British-Indian subjects living in Persia, and I shall shortly have the honour to address you further concerning this unhealthy symptom of what, in many ways, is an unhealthy régime.

8. I am forwarding a copy of this despatch with its enclosure to the Foreign Secretary to the Government of India.

I have, &c.
D. W. LASCELLES.

Enclosure in No. 49.

Translation of the Law of Punishment of the Judges who display Partiality in the Administration of Justice.

WHEREAS the present criminal legislation does not provide in the full sense of the word and in every special case for sufficient and appropriate punishments for the examining magistrates, the public prosecutors and the judges who exercise partiality in the examination of criminal cases, and whereas criminal jurisdiction, if it is to function properly, necessitates the existence of strong criminal laws to cover such contingencies, the following articles of law are submitted for sanction:—

Article 1. Every examining magistrate who, for private motives or personal interests or prejudices and in the absence of legal reasons, issues the verdict of non-prosecution in favour of an accused or who may collude with the accused for the concealment of the guilt or who may knowingly admit (the accuracy of) untrue evidence entailing the acquittal of the guilty from the legal punishment or the mitigation of the punishment, will be condemned to a solitary imprisonment of two to ten years.

The same punishment will be applicable to other officials charged with the discovery of a guilt who may knowingly commit one of the afore-mentioned offences.

Art. 2. Any of the chiefs or members of the parquets who may collude with the accused for the concealment of the guilt or who may somehow or other provide the means for the escape of the guilty from the legal punishment to which he is liable or who, for personal motives and prejudices, may agree with the verdict of non-prosecution which may have been issued in favour of an accused without legal reasons and for private and personal interests and prejudices will be liable to an imprisonment with hard labour of three to fifteen years.

Art. 3. Any of the presidents or members of the courts who may acquit an accused person for personal interests or private prejudices or who may procrastinate (the Persian word is incompatible with the sentence in the Persian text) the punishment legally executable for the guilt attributed to the accused will be condemned to an imprisonment with hard labour of three to fifteen years.

Art. 4. Any of the officials mentioned in the above articles, as also any of the other Government officials charged with the discovery of guilts, who may knowingly and without legal reasons pass an innocent person as guilty or who may issue a verdict of punishment against him describing him as guilty or who may fix punishments for a guilty person more than those ordained by the law will be condemned to a solitary imprisonment of two to ten years, unless the punishment fixed by their decision for that individual surpasses (in severity) the present penalty, in which case the perpetrator will be condemned to the same punishment.

Art. 5. Any inspector who, in the course of the inspections under his charge, may knowingly and intentionally overlook the routine (departmental) offences of the officials responsible for various departments and who may fail to execute his explicit duties in the prosecution and discovery of misdemeanours (cases), will be condemned to an "entezami" penalty of the third degree and upwards.

If an inspector discovers a general crime in the course of departmental inspections and does not report it to his higher authorities, he will be condemned, besides perpetual forfeiture of service in the Government Departments, to a correctional imprisonment of two to three years.

Art. 6. In all cases mentioned in the foregoing articles, if the offences anticipated in those articles should be perpetrated as a result of receiving bribes, the offender will be condemned to the maximum punishment liable according to this law unless the punishment fixed for the persons guilty of bribery may be severer, in which case the offender will be condemned to the severer punishment.

Art. 7. If the offences recognised as guilt, according to the foregoing articles, may occur as a result of carelessness and lack of efficiency in the execution of one's duties, the careless official will be condemned to one to two degrees of degradation (diminution of his rank).

Art. 8. The stipulations laid down in this law will be applicable in the case of examining magistrates ("mustantiqs"), public prosecutors, judges and also military inspectors or inspectors subordinate to the military institutions.

[E 4316/2982/34]

No. 50.

Mr. Dodd to Mr. A. Henderson.—(Received August 20.)

(No. 416.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a note to the Persian Government, dated the 5th August, 1931, on the subject of the Persian pre-war debt to His Majesty's Government.

Tehran, August 5, 1931.

Enclosure in No. 50.

Mr. Dodd to M. Feroughi.

M. le Ministre,

Gulhek, August 5, 1931.

I HAVE the honour, on instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to inform your Highness that he has been notified by the Persian Legation in London of the wish of the Persian Government to repay forthwith the sum of £490,000, being a part of the Persian Government's debt to His Majesty's Government in the United Kingdom and the Government of India.

His Majesty's Government welcome this decision on the part of the Persian Government, and Mr. Henderson will be glad if the necessary cheque for the capital sum, with interest to the date of payment, may be drawn in favour of the Finance Officer of the Foreign Office, London.

I avail, &c.
CHARLES DODD.

[6751]

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[E 4319/4319/91]

No. 51.

Mr. Dodd to Mr. A. Henderson.—(Received August 20.)

(No. 422.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copies of a note from the Persian Government, dated the 5th August, 1931, and of a note to the Persian Government, dated the 10th August, 1931, on the subject of the manumission of slaves at Henjam.

Tehran, August 10, 1931.

Enclosure 1 in No. 51.

Translation of a Memorandum from the Persian Ministry for Foreign Affairs to His Majesty's Legation, dated Mordad 13, 1310 (August 5, 1931.)

THE Ministry for Foreign Affairs have the honour to bring to the notice of the British Legation that, according to a report which they have received from Henjam, about sunset on the evening of the 29th Khordad last, four slaves escaped from Sharjah and took refuge in the telegraph house.

Mr. Lowe, the official in charge, without any reference to the local officials, immediately brought them on board the warship "Folkestone," and from there they were transferred to the "Penzance," which removed them to a destination unknown. The Ministry for Foreign Affairs would draw the attention of the Legation to the law of 18th Bahman, 1307, which lays down that as soon as a slave reaches Persian soil or Persian territorial waters he is free; and to the illegal steps taken by the head of the Henjam Telegraph Station in this matter. It is requested first that the Legation take steps to bring about the return of the slaves in question to Persian soil, and, secondly, that they call upon the head of the telegraph station to abstain from actions which are outside the scope of his duties.

Enclosure 2 in No. 51.

Note from His Majesty's Legation to Persian Ministry for Foreign Affairs.

His Majesty's Legation present their compliments to the Ministry for Foreign Affairs and with reference to the latter's memorandum of the 5th August (15th Mordad) last on the subject of the escape of four slaves to Henjam, have the honour to state that the true facts of this case have already been communicated to the Legation. Briefly, they are as follows:—

2. The four slaves in question left the telegraph house and of their own accord took refuge in His Majesty's sloop "Folkestone." As the Ministry for Foreign Affairs remarks, they became free men from the moment when they set foot on Persian soil, and they acted as free men in proceeding on board one of His Majesty's ships. They recognised that in doing so they would be sure of manumission. It is, therefore, not clear to His Majesty's Legation in what way the telegraph clerk has committed an illegal act. The fact that the slaves became free by landing on Persian soil implies that they were under no obligation to remain any longer than they wished in Persia. They exercised their own free will by boarding one of His Majesty's ships: it can hardly be the intention of the Ministry for Foreign Affairs to suggest that in so doing they incurred the slightest risk of losing the freedom which they had acquired.

3. According to information at the disposal of the Legation, the owner of these slaves had pursued them to Henjam, pretending that they were not slaves but divers indebted to him; it was at the request of the owner that the Deputy-Governor of Henjam demanded their surrender to him, and since it is an invariable practice of the British authorities and British ships to protect and

manumit any slave who may seek refuge with them, it was clearly out of the question for the responsible naval officer to accede in such circumstances to the Deputy-Governor's request.

4. The Persian Government need be in no anxiety as to the manumission and freedom of these slaves.

Gulhek, August 10, 1931.

[E 4320/439/34]

No. 52.

Mr. Dodd to Mr. A. Henderson.—(Received August 20.)

(No. 423.)

Sir,

Gulhek, August 10, 1931.

IN his despatch No. 401 of the 29th July Mr. Lascelles reported the substance of a statement volunteered to me by the French Minister concerning his representations to the Minister for Foreign Affairs in connexion with the use of the Persian route to India by foreign commercial aircraft. I have the honour to inform you that M. Maugras, alluding apparently to the same interview with Feroughi which he had already described to me, gave a somewhat different account of the matter in the course of a subsequent conversation with the military attaché at this Legation. According to this latter version, the Minister for Foreign Affairs stated that the Persian Government did not propose to renew the contract of Imperial Airways (Limited), and they would be unable to renew the contracts of the French and Dutch lines beyond the 31st March, "since His Majesty's Government could in that case claim most-favoured-nation treatment." I may perhaps mention here that the Dutch Chargé d'Affaires has also been told by M. Maugras of the result of his interview, but says he has only been given the version which I already knew, according to which Feroughi merely referred to the unaccountable prejudices of the military.

2. In view of this somewhat conflicting evidence it is, perhaps, just possible that Feroughi never really mentioned the question of most-favoured-nation treatment, and that the version of the interview which M. Maugras gave to Colonel Dodd was intended by the former as a *ballon d'essai*, designed to provoke a statement of the views of this Legation on the possibility of a British claim to such treatment. It is, of course, also possible that Feroughi himself was responsible for this *ballon d'essai*, and was actuated by a similar motive to that which I have above attributed to M. Maugras. On the whole I am inclined to think that the most straightforward interpretation is the correct one: that the Minister for Foreign Affairs gave the explanation which the French Minister ascribes to him, and gave it because he believed it himself. I have mentioned the other possibilities merely because it would, in my opinion, be unwise to draw too definite a conclusion as to the attitude of the Persian Government on this important question.

3. At the present moment there seems at least a possibility that the desire of the Persian Government for the reopening of the Duzdap Railway may finally induce them to adopt a more reasonable standpoint on the matter of the Imperial Airways' contract. It is, however, to be feared that they will not reach a decision for some time to come, and it is perhaps worth while, therefore, to consider the bearing of this question of most-favoured-nation treatment on the general problem which would arise if it should after all prove impossible to secure an extension of the contract. I presume that in that event the route along the Arabian shore, difficult though it may be, would be used rather than abandon the service to India altogether. The French and Dutch Governments would no doubt do their best to obtain permission to use the same route, and their importunity might well prove embarrassing to His Majesty's Government. Their case would inevitably lose much of its point were His Majesty's Government to furnish an assurance to the effect that they would not claim most-favoured-nation treatment in the event of the French and Dutch lines securing an extension of their Persian contracts.

4. From the third paragraph of the first enclosure to Mr. Rendel's letter of the 18th June last I understand that it is considered very doubtful by the departments of His Majesty's Government concerned whether it would be legally

possible for Imperial Airways to claim equality of treatment with the French and Dutch lines in the event of these lines securing an extension of their contracts. The Persian Government have, indeed, shown an unabashed and hitherto successful disregard of such of their treaty obligations as incommode them, and they might well attempt to ignore the claim of Imperial Airways even if (as now seems probable) they considered it to be legally valid. But I am not aware of the considerations which have led the departments of His Majesty's Government to regard the claim as weak from the purely legal standpoint, and, since it is not impossible that I may at some future date be approached more directly in the matter by the French Minister or the Dutch Chargé d'Affaires, I should be glad if I might be apprised of the considered opinion of His Majesty's Government with regard to this point.

5. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.

CHARLES DODD.

[E 4322/328/34]

No. 53.

Mr. Dodd to Mr. A. Henderson.—(Received August 20.)

(No. 429. Confidential.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Mr. Lingeman's despatch No. Overseas Trade (B) 139, dated the 10th August, 1931, on the subject of the trade monopoly.

Tehran, August 10, 1931.

Enclosure in No. 53.

Mr. Lingeman to Mr. A. Henderson.

(No. Overseas Trade (B) 139. Confidential.)

Sir,

Gulhek, August 10, 1931.

AS reported in my despatch No. Overseas Trade (B) 128 of the 15th July last, paragraph 5, the import quotas for the first three months of the Persian year (the 22nd March to the 22nd June) have been entirely filled by goods in the customs, but in such a fashion as to cause general dissatisfaction except, of course, among the favoured few. Russian stocks in the customs were particularly heavy at the beginning of the year, and these were given priority so that there was not very much left for other importers of similar goods. When the Ministry of National Economy was reorganised Yassai, the new chief of the Department of Commerce, bewildered by the mass of regulations he was supposed to put into practice, and having made chaos worse confounded by the introduction of shoals of protégés from his native Damghan, was at pains to fill up the quotas as soon as possible. The speculator who impudently applied for enormous quantities of goods which were alleged to be in the customs, was given an immediate hearing: one Syrian importer of motor vehicles was given authority to clear 700,000 rials worth of trucks and spare parts out of a total of 3·2 million rials without any enquiry being made into the truth of his statement. Hundreds of applications were overlooked or "lost," and those which were originally met in part only were set aside and forgotten in favour of fresh arrivals. I hear that even a number of applications from Indian merchants which were, quite unnecessarily, accompanied by export certificates were shelved. I do not, however, suspect racial discrimination. Persian merchants seem to have just as much cause for complaint as any other, and they are very bitter in their denunciations of the preferential treatment deliberately granted to the Russians. Apart from the latter those that have come out of the scramble for import licences best, according to all accounts, are the Syrian dealers in motor vehicles and the Iraqi importers of textiles, tea

and sugar, who showed themselves sufficiently alive to the possibilities of the situation to offer adequate *douceurs* whenever they were needed.

2. Up to a few days ago not a single export certificate had been received from those importers who had been allowed to clear goods from the customs under the first quarter's quota on condition that certificates of exports to a like value were produced before the 23rd August. An extension to the 23rd November was spoken of, but the Bill which was submitted to and passed by the Majlis on the 9th August, authorised the Council of Ministers to extend the time limit "until the export season of 1310"—a somewhat indefinite period, only limited by the end of the year, the 21st March next, doubtless chosen in the hope that no further extension will be required.

3. The more one reflects on the subject the more one realises how fantastic it was on the part of the Government to expect that sufficient exports would be shipped to cover not only the quotas of the first quarter, but also those of the next six months in such a very short time—applications for the latter period only being accepted until the 12th August. This is brought out by the following figures:—

Import Quotas—	Million £.
First quarter of Persian year (March to June), say ...	2
First half of economic year (June to December), say	3·9
Actual Exports—	
(March to June), roughly	0·76

4. Even if the required amount of exports had been shipped in time, about £1 million would have had to be invested in export certificates if the total quota for the period June to December had been applied for—assuming that none of the applicants were exporters on their own account. This in itself is enough to explain the poor demand for import licences received in respect of these six months. There are other reasons on which I have dilated elsewhere.

5. I learn from an authoritative and confidential source that up to the 8th August, *i.e.*, four days before the lists are due to close, the applications covered no more than 10·5 per cent. of the sugar quota, 10·7 per cent. of the tea, 12 per cent. of the cotton goods, 113 per cent. of the woollens (*i.e.*, mixtures) and 42 per cent. of the paper, existing stocks of which are stated to be very low. The large amount of woollens applied for is due to the very substantial overflow of applications for goods already in the customs during the first quarter, and the reduction in the authorised imports of these articles. I have no further details at the moment.

6. The Russians have so far made no direct application for import licences to the commission, but I hear that Sharq at all events sent round some of their brokers with forms made out in their own name on account of goods alleged to have been sold to the actual applicant—this procedure having been adopted to ensure the observance of their declaration that they would not adhere to the Persian Government's "export before you import" principle until an agreement between the two parties had been reached. The Soviet Ambassador gives out that his negotiations for a commercial treaty are so far advanced that he hopes to go to Europe for a cure at the end of the month, but that is a story which one has heard many times before.

7. In order to obtain the required export certificates the Russians bought cotton in Khurasan and rushed it to the frontier, as reported in a separate despatch. They also bought actual certificates in Sultanabad and Tehran, some 200,000 tomans being involved. In any case the figures given in paragraph 4 above show that their applications and those of their clients cannot have been very large. Importers of Russian goods, I understand, expect the selling agency to produce the required export certificates to be paid for on delivery of the goods—which illustrates the suspicion in which the Russian trade organisations are held.

8. Sultanabad is the great market for export certificates as the Sarukh is the only Persian carpet for which there is a sustained foreign demand. The rate has fallen to 25 per cent. now that the effective demand to cover applications for import licences in respect of the first six months of the economic year has been very largely met, and it is expected to fall still further. With increasing clearances from the customs, prices of most staple articles of import have also

eased somewhat. Quotations for Russian prints in Tehran, for instance, fell 5 per cent. in the first week of August owing to the arrival of 300 bales, and reports to the effect that important stocks destined for Persia had been dumped in Iraq. Russian sugar is also being cleared from the Kermanshah (and other) customs posts. The sterling rate in the bazaar has weakened in sympathy and now stands at 110/113.

9. The high prices which export certificates have been fetching have naturally resulted in a boom in the export trade. Merchants in certain places have resorted to the practice of shipping practically worthless articles on which some obliging customs official has agreed to place a greatly exaggerated value, in order to clear a profit on the imports to which they thus become entitled. It is even rumoured that large quantities of Persian rock are being dumped over the eastern frontier into Afghanistan. It seems that there is little left of last season's raisin, almond and gum crops. The Russians have been buying up all the cotton there was to be had in North Persia. Wool always finds a ready market.

10. On the other hand, the situation in Germany has closed a useful dumping ground for Persian produce. The carpet trade is in a very bad way, many looms having closed down—the increasing cost of materials constituting a serious factor. The Russians in the north are not only abstaining from buying any rice, but, to add insult to injury, force buyers of Russian goods to take up their old stocks of rice, now a glut in the market. Prices of local produce (with one or two exceptions) naturally tend to rise, thereby discounting the value of export certificates to exporters. A buyer of gum tells me that he can make a profit of 18 per cent. by selling locally stocks which he bought some time ago, whereas he will only make 4 per cent. by shipping the stuff. He must, however, do this as he is pledged to import goods in exchange. He is essentially an importer, but he has learnt to realise that he must, as long as the monopoly lasts in its present form, be an exporter at the same time and buy forward (see in this connexion my despatch No. Overseas Trade (B) 48, paragraphs 6 and 7).

11. Exportable commodities must clearly exist before they can be exported, and the extent to which exporters can afford to lose on them naturally depends on the profits that can be made on imports; that in turn must depend on the purchasing power of the population and the use which the Russians make of their control of prices. The situation in this respect is identical to that obtaining last year at the height of the so-called exchange control.

12. Copies of this despatch are being sent to the Foreign Office, the Foreign Secretary to the Government of India and His Majesty's Acting High Commissioner for Iraq.

I have, &c.

E. R. LINGEMAN,
Commercial Secretary.

E 4323/847/34]

No. 54.

Mr. Dodd to Mr. A. Henderson.—(Received August 20.)

(No. 430.)

Sir,

Gulhek, August 12, 1931.

WITH reference to my telegrams Nos. 177 and 178 of to-day's date, I have the honour to transmit to you herewith a copy of the letter which Mr. Butters, who is acting as chief manager of the Imperial Bank of Persia during Mr. Wilkinson's absence on leave, received from the Minister of Finance on the 5th August. Mr. Butters brought this letter round to me and told me that he proposed to send a mere acknowledgment in return, mentioning that he had sent a copy to the board and myself. I expressed the opinion that the challenge to the veracity of Sir Hugh Barnes's statement called for an immediate reply, and I suggested to Mr. Butters that he might like to think the matter over and, if he wished, consult me as to the terms of the reply he should send Taghi Zadeh. He subsequently called, on the 7th August, and we together drafted what we considered a suitable answer, which I gathered Mr. Butters would send Taghi Zadeh, with perhaps one or two minor amendments.

2. Written as it was two days after Mr. Lascelles's interview with the Minister for Foreign Affairs, Taghi Zadeh's letter was presumably intended to

make it clear to the bank that the Government in no way abandoned their uncompromising attitude. The latter, moreover, has been made public by an article in the "Iran" (copy attached⁽¹⁾), which has been evidently inspired by the Minister of Court. The second part of this article, it will be noted, deals with an article on Persian currency problems which Mr. Rogers, a director of the bank, contributed to the "Times," and in which he made use of terms which could not fail to irritate the Persian Government.

3. Mr. Butters himself, although he has been instructed to insist on the recognition of patent rights of the bank in the matter, is not unduly disturbed by the Government's behaviour. In the first place, he is positive that the National Bank are not in a position to buy exporters' exchange, and that, if any were to be had, the Government would have to have recourse to the Imperial Bank, which alone could afford to lock up capital in this way. Secondly, he is equally positive that the Persian Government are about to ask his bank to delay the withdrawal of their note issue once more. The fact is, however, that as long as there is no exporters' exchange for the National Bank to buy, the Government are not likely to realise how difficult the situation would be were it forthcoming and only the National Bank authorised to purchase. Moreover, there is a very important question of principle at stake which should, if possible, be settled before any bargaining takes place on the question of the note issue. It would, indeed, be extremely bad policy to allow the Persian Government a bargaining counter, which they would certainly not possess had they honoured their engagements.

4. The above considerations lead me to suggest, with all due diffidence, that the time has come when a strongly-worded note should be addressed to the Persian Government, stating in unequivocal terms the very serious view which His Majesty's Government take of the violation of the spirit of the agreement arrived at on the 13th May of last year.

I have, &c.

CHARLES DODD.

Postscript.—I have only learnt this morning, after this despatch had been typed, that Mr. Butters, on second thoughts, decided not to send Taghi Zadeh a written reply to his letter. He has asked Teymourache for an interview; he has had what he describes as another friendly conversation with Taghi Zadeh, and seems to be satisfied that he is making satisfactory progress. I shall be glad to have your authority to address a note to the Persian Government as suggested, but do not propose to take any action without first consulting Mr. Butters.

C. D.

Enclosure in No. 54.

Persian Minister of Finance to Mr. Butters, Imperial Bank of Persia.

(Personal.)

My dear Mr. Butters,

Tehran, August 4, 1931.

AS you are well aware, by virtue of the supplement to the Trade Monopoly Law of the 20th Esfand, 1309, a "règlement" was instituted by the Imperial Persian Government appointing the National Bank of Persia as the sole agent of the Government for purchase of the exchange sold by the exporters.

On the 20th April, 1931, the Imperial Bank of Persia addressed a letter to the Ministry of Finance protesting against this exclusive agency of the National Bank and claiming the appointment contrary to the spirit of the agreement concluded in May 1930. The bank did specially refer to the letter written to her in May 1931 by his Highness the Prime Minister.

By my letter dated the 2nd May, 1931, I clearly refused to agree to the argument advanced by the bank, and by stronger arguments refuted the claim of the Imperial Bank to any right of equality in this or similar matters with the National Bank of Persia, pointing out in the clearest manner that "there was absolutely no place to raise any question of principle."

I informed the bank, however, that "the question of how a solution could be found so as to give the bank the possible facilities and satisfaction and reach an

⁽¹⁾ Not printed.

eventual arrangement by which the Government *might* extend to the bank the desired facilities in this question *and the bank give the necessary guarantees and promise of assistance to the Government* was under consideration."

Reference to my above-mentioned letter will make this whole matter quite clear to you.

You will note that we did not in the least recognise any right for the Imperial Bank of Persia in its claim, but that, on the contrary, we rejected same entirely. If the Government took the matter under consideration, it was on their own choice and solely in order to do, if possible, a mere favour to the Imperial Bank of Persia, but in no wise because her claim was thought to have any foundation.

Though no formal decision in the matter is yet reached by the Government which might lead to an amendment of the "règlement," I thought I could give, during an interview with Mr. Wilkinson, to his repeated representations and his request for answer, an optimistic reply, giving him hope of an arrangement and referring him to the Ministry of Economy to take part in the drafting of the would-be amended project of the "règlement," in anticipation of the hoped-for decision of the Government.

I should say, however, that statements such as that made recently by Sir Hugh Barnes, chairman of the Imperial Bank of Persia, on the occasion of the forty-second ordinary general meeting of the bank (topic, "Foreign Trade Monopoly," last paragraph), statement which, you will readily admit, is quite inconsistent with the facts and misleading, do not seem to be of nature to induce the Council of Ministers to take a very favourable decision.

Sir Hugh Barnes pretended that "the Persian Government, as might be expected, *admitted* that a mistake had been made and *undertook* that the regulation would be amended."

Would it not have been much better if the chairman had stated the facts as they were and as they stand now, and not have told his audience publicly things which not only are entirely erroneous, but also certainly not meant to draw the Persian Government's special favour toward the Imperial Bank of Persia in the matter?

Having been quite surprised to read that part of the speech, I thought to write you these personal lines in the hope that you will understand and take it as a friendly notice meant to call your attention to the possible effect of such utterances in the opposite direction.

Yours very truly,
S. H. TAQIZADEH.

[E 4325/151/34]

No. 55.

Mr. Dodd to Mr. A. Henderson.—(Received August 20.)

(No. 433. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 16 for the period ending the 12th August, compiled by the military attaché to this Legation.

Tehran, August 12, 1931.

Enclosure in No. 55.

(Secret.)

Intelligence Summary No. 16 for the Period ending August 12, 1931.

1. General.

THE usual reception was held in the gardens of the Majlis in Tehran on the evening of the 6th August, the twenty-sixth anniversary of the inauguration of the Persian Constitution.

2. Persian Officials.

The reported appointment of M. Farajullah Khan, Bahrami, as Governor-General of Fars is confirmed.

Nizam-ed-din-Khan, Hikmet, is appointed Governor of Kurdistan. A Deputy-Governor has been officiating at Senneh for the last two years.

Sartip Mehdi Quli Khan, Taj Baksh, is appointed Governor of Luristan *vice* Nizam-ed-din-Hikmet as above.

3. Foreigners.

British Subjects.—Mr. C. Dodd, Chargé d'Affaires, British Legation, returned to Tehran from Bagdad by air on the 3rd August. It was found possible to treat his broken foot successfully in Bagdad.

Mr. H. L. Baggallay, second secretary, arrived in Tehran on appointment from London on the 6th August.

4. Perso-Iraqi Relations.

(i) The incident of the post which was being constructed by Persian amnieh (gendarmierie) at Chigha Surkh, near Khanaqin, in Iraq territory, now appears to be closed. The Persian authorities acknowledge that a mistake was made by local officials, and the post has been abandoned and partially demolished.

(ii) A commission has been appointed to settle certain minor incidents which have recently occurred on the Perso-Iraq frontier. The Persian representatives are said to be the Governor and chief of police of Khuzistan. The Iraq Government will be represented by mutasarrif and commandant of the Amarah Liwa.

5. The Majlis.

A new marriage and divorce law has been introduced in the Majlis and is now under consideration. Several of the fifteen articles are likely to be altered before the law is finally passed, but it is proposed to fix the minimum age of marriage at 18 years for men and 16 years for women and to allow wives to divorce their husbands.

New regulations for the entry of transport vehicles into Persia have been approved.

Sanction was accorded to the renewal of the contracts of several Europeans in Persian Government service and for the engagement of several others.

6. Communications.

(a) *General.*—It is understood that an engineering college will shortly be established in Tehran. Students will receive instruction in any of the following subjects: Roads and bridges, mining, electricity and mechanics.

7. Civil Aviation.

Negotiations for a renewal of their contract by Junkers Company in Persia are now proceeding satisfactorily. It is hoped to reopen the Tehran-Meshed air line next spring if not sooner.

8. Trade.

(i) An order was recently published that all goods in the custom-houses of Persia would be confiscated to the Government unless cleared before the 30th July. As a result of representations this order was modified, and, although the goods are considered under confiscation to the Government, owners now have an opportunity of clearing their property under certain conditions up to the middle of October.

(ii) As the result of the visit of Arbab Keikhusru Shahrokh, chief of the Persian Railway Board, to Europe it is reported that an arrangement was made in Sweden for the supply of something over £1 million of railway material for the Persian railways. This is to be paid for by the export to Sweden of Persian products to a corresponding value. The Swedish firm of Nidquist and Holm are

to form a clearing company in Tehran, and three of their representatives have already arrived in Persia. No question of a loan to the Persian Government is involved.

(iii) It is reported in the press that 50,000 tons of Persian wheat are to be exported to Germany against the value of imports from that country.

9. Quarantine.

Quarantine for cholera is being enforced in the Gulf ports of Persia for passengers from India and Busra.

10. The Press.

The Imperial Bank of Persia has received notice in the press, the speech of Sir Hugh Barnes at the annual general meeting in London and the letters of Mr. S. Rogers, late general manager in Persia, to the "Times" being freely criticised.

11. Kermanshah.

It is reported from Iraq that the situation between the Jaf tribe and the Persian authorities has undergone little change. On the 24th July, at a conference between the Jaf chiefs and the Persian local officials, the taxes demanded were slightly modified, but were not accepted by the Jaf. Some sections of this tribe have been in conflict with Persian regular troops and amnieh (gendarmes).

12. Azerbaijan.

After a short lull further fighting took place between Persian troops and Kurdish tribesmen on the 4th July. The situation in the area of the Djelali tribe to the north of Maku is quiet, but the Haidaranlu, assisted by some Turkish Kurds, attacked the Persian force in the vicinity of Kara Aineh, 18 miles south by west of Maku. The rebels are said to have first raided several Persian villages, killing many of the inhabitants. On the 25th July the Persian forces suffered a more serious reverse in the same area, Colonel Kalb Ali, several other officers and as many as 250 men being reported killed. Colonel Kalb Ali was commanding the troops in the frontier area, and a military aeroplane was sent from Tehran to convey his body to Tabriz, where it was accorded a military funeral.

PERCY C. R. DODD, *Lieutenant-Colonel,
Military Attaché,*

Gulhek, August 12, 1931.

[E 4256/2982/34]

No. 56.

Mr. A. Henderson to Mr. Dodd (Tehran).

(No. 135.)

(Telegraphic.) R.

Foreign Office, August 21, 1931.

YOUR telegrams Nos. 179 and 180 of 12th August: Persian pre-war debt.

It is preferable not to send further official note in reply to Persian oral enquiries, and I do not think it desirable for His Majesty's Government to take the initiative in suggesting that repayment be postponed.

You should reply orally to head of English Section of Ministry for Foreign Affairs that His Majesty's Government find it difficult to consider oral suggestions of this sort.

I am not aware whether Persian Government are prepared to transfer bank deposits to such a figure as, with accrued interest, will amount at the date of maturity to the amount of the pre-war debt together with interest at 7 per cent. to the same date. Nor am I aware of the date of maturity of their deposits. I presume that Persian Government wish matter to be dealt with as a purely business transaction, and any proposals which they may put forward officially and in writing will be examined on their merits.

(Repeated to India, No. 32.)

[E 4369/2982/34]

No. 57.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received August 24.)

(Nos. 187 and 188.)

(Telegraphic.)

Tehran, August 23, 1931.

(R.) YOUR telegram No. 135.

I spoke to head of English section of Ministry for Foreign Affairs as instructed yesterday evening. He will invite Minister for Foreign Affairs to address to me in writing Persian Government's concrete proposal.

He made it clear that, so far as he knows, Persian Government intend 7 per cent. interest to cease from day of transfer of securities to His Majesty's Government, to whom, however, the lower interest borne by securities will accrue from that date. (End of R.)

I ventured to remind him that £490,000 is only a part of Persian Government's debt, acknowledged to be £2 million. He said, so far as he knew, Persian Government intend to bargain about the balance in the course of negotiations for a general treaty, which he presumed would be resumed before long.

Sir R. Clive's misgivings appear to be confirmed.

Head of English section said it would make a favourable impression here if His Majesty's Government accept Persian Government's proposal, while realising that they would be within their rights in insisting on cash repayment with interest up to date.

(Repeated to Government of India, Nos. 120 and 121.)

[E 4429/2982/34]

No. 58.

Mr. Dodd to the Marquess of Reading.—(Received August 27.)

(No. 192.)

(Telegraphic.) R.

Tehran, August 26, 1931.

MY telegrams Nos. 187 and 188.

I have now received note stating—

1. Persian Government have deposits in London with (a) National Provincial Bank with interest at 2½ per cent. and 3 per cent. (proportions not stated); (b) Lloyds Bank at 2¼ per cent.; (c) Imperial Bank of Persia at 2½ per cent.
2. Deposit in each of (b) and (c) is not sufficient to meet required sum, but deposit in (a) is more than sufficient.
3. Deposit matures on 20th March next (this apparently means (a)).
4. Persian Government propose that advance should be repaid with interest at 7 per cent. to date on which sum on deposit is transferred to His Majesty's Government.
5. After date of transfer His Majesty's Government will receive bank rate interest until 20th March.

Note states that proposal makes actually no difference to His Majesty's Government. By this Persian Government mean that if the whole sum were repaid to-morrow without restriction His Majesty's Government could only obtain bank rate interest upon it. I have already pointed out it is no concern of Persian Government what His Majesty's Government do with the money.

Note adds that if His Majesty's Government can give their assistance it will be appreciated.

Text by bag to-day.

Please telegraph instructions.

(Repeated to Government of India, No. 124.)

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 493.)

Sir,

Foreign Office, August 27, 1931.

AS explained in Mr. Henderson's telegram No. 128 of the 1st August to Mr. Lascelles, regarding the Persian trade monopoly legislation, it is considered desirable to defer for the present written representations to the Persian Government on this subject. It seems clear from your despatch No. 367 of the 15th July and other recent reports that such representations would be likely to make the Persian Government more reluctant to repeal this legislation, for they would resent the idea that they could be induced to abandon their monopoly policy at the instance of a foreign Government. I understand, moreover, that the Monopoly Law is unpopular in Persia; that it has not achieved its objects; and that, in fact, its results are definitely unsatisfactory from the point of view of the Persian Government. It is the wish of His Majesty's Government to avoid any step which would delay the repeal of this legislation, or would make the Persian Government more obstinately determined to keep it in force.

2. While, however, for the reasons given above, I consider it desirable to postpone written representations to the Persian Government for the present, I request that you will take every opportunity of impressing orally upon Persian Ministers the view of His Majesty's Government that the attitude which the Persian Government have taken up with regard to the Monopoly Law is inconsistent with their legal obligations resulting from the Anglo-Persian Tariff Autonomy Treaty of the 10th May, 1928. I propose in the following paragraphs to set forth the considered view of His Majesty's Government in the United Kingdom on the legal position with regard to the law in relation to the Tariff Autonomy Treaty.

3. In the first place, as you are aware, article 4, paragraph 2, of the treaty provides that "nothing shall affect the right of either of the two high contracting parties to adopt measures prohibiting or restricting importation or exportation for the purpose of protecting, in extraordinary and abnormal circumstances, the vital interests of the country." If, however, measures of this character are adopted, the treaty further provides that they shall be applied in such a manner as not to lead to any arbitrary discrimination against the other high contracting party, and that "their duration shall be restricted to that of the causes or circumstances from which they arise." Persia clearly has the right under this provision to adopt a measure which, like the Monopoly Law, prohibits or restricts importation or exportation, if this measure is adopted in extraordinary and abnormal circumstances, and if its purpose is to protect the vital interests of the country. Whether the circumstances are sufficiently abnormal, and whether the measure is, in fact, passed to protect the vital interests of the country, are questions upon which it would be difficult effectively to challenge the views of the Persian Government. It would be almost impossible to prove that the Persian Government were wrong, if they chose to represent that circumstances were sufficiently extraordinary and abnormal to justify their action. They could argue that this paragraph was one intended to give the Government power in times of economic crisis to introduce a régime of the kind in question on two conditions: firstly, that there is no discrimination against British trade, and, secondly, that the measure remains in force no longer than is required to deal with the crisis.

4. In that event, however, it would be necessary for the Persian Government to admit that the duration of the measures which they have adopted must be restricted to that of the causes or circumstances from which they arose. His Majesty's Government would have the right to insist that the prohibitions or restrictions imposed should at once be suspended as soon as the economic condition of Persia permitted.

5. Had the Persian Government decided to justify their action on the lines suggested in the preceding paragraph, it would have been difficult for His Majesty's Government to challenge their decision in principle. They could certainly have protested that in practice the prohibitions and restrictions on imports and exports under the Monopoly Law go far beyond anything which was contemplated under the relevant paragraph of the Tariff Autonomy Treaty, but

it would have been difficult to deny the right of the Persian Government in principle to impose some such measures temporarily in the abnormal circumstances prevailing.

6. The Persian Government have, however, specifically stated that they do not base their monopoly policy on this treaty provision. They base it instead on the alternative provision in article 4, paragraph 1, of the treaty, whereby the high contracting parties—

"being each desirous of encouraging liberty of commerce and of avoiding the hindrance of their mutual commercial relations by prohibitions or restrictions on imports or exports, agree that they will not introduce any restrictive or prohibitive measures against products of the territories of the other with the exception of the following classes of prohibitions and restrictions, which will not be prohibited, on condition, however, that they are not applied in such a manner as to constitute a means of arbitrary discrimination between foreign countries where the same conditions prevail, or a disguised restriction on international trade:—

"8. Prohibitions or restrictions applied to products which, as regards production or trade, are or may in future be subject within the country to State monopoly or to monopolies exercised under State control."

7. The Persian Minister for Foreign Affairs, in his speech to the Majlis on the 7th July, a translation of which was enclosed in your despatch No. 367 of the 15th July, justified the Monopoly Law under the treaty provision quoted in the preceding paragraph, which, he claimed, allowed his Government to restrict or prohibit at their own pleasure, the import of any goods over which a monopoly had been declared. In the view of His Majesty's Government, however, the Persian Government are not entitled to attempt to justify the Monopoly Law under this section of the treaty.

8. In the first place, it is more than doubtful if the prohibitions and restrictions introduced by the Persian Government can properly be regarded as a monopoly. The word "monopoly" in the Tariff Autonomy Treaty was used in its ordinary sense, and was intended to mean the exclusive right to trade in particular commodities, which is either assumed by the State or conferred by the State on certain specified persons or concerns. Under the system of control of foreign trade which has been adopted by the Persian Government it is open to any trader, who is able to furnish the necessary guarantees either that he will export, or that he has exported, an equivalent amount of Persian goods, to import any class of goods the importation of which is not reserved to the State. His Majesty's Government cannot, therefore, regard the system, so far as it relates to goods the importation of which is not reserved to the State, as amounting to a "monopoly" within the meaning of the provision of the treaty. They view it rather as an elaborate and peculiarly damaging form of import restriction which is bound to result, and has, in fact, resulted, in the wholesale dislocation of normal trade relations, and which goes far beyond anything contemplated in the Tariff Autonomy Treaty. The so-called "monopoly" is, in fact, little else than "a disguised restriction on international trade."

9. Secondly, whether or not the Persian Government are right in calling their system a monopoly, they are not entitled to appeal to article 4, section 8, of the Tariff Autonomy Treaty as a justification for the prohibition or restriction of imports except in regard to goods which, as regards production or trade, are "subject within the country to State monopoly or to monopolies exercised under State control." So far as His Majesty's Government are aware, neither the production of, nor the trade in, the goods the importation of which is either forbidden or restricted is, except in a few isolated instances, subject to a monopoly within Persia itself. For this reason alone it is impossible to accept the Persian Government's contention that the so-called "monopoly" falls within the category of monopolies contemplated by article 4, section 8, of the Tariff Autonomy Treaty. In the opinion of His Majesty's Government, this consideration is sufficient to show that the Persian Government's case is legally entirely unfounded.

10. Thirdly, whatever the position is or may in future be as regards monopolies in the country, the so-called "monopoly" introduced by the Persian Government is not confined to particular products, but applies to the whole

foreign trade of the State. The intention of article 4, section 8, of the Tariff Autonomy Treaty, which is the ordinary provision in international treaties and is based on the International Convention of 1927 for the Abolition of Prohibitions and Restrictions on Importation and Exportation, was evidently to allow, as an exception to the general rule, the continuance of the familiar system under which a certain number of particular "products," such as salt, tobacco or matches, are made in certain countries the subject of a monopoly, and to exclude such "products" from the operation of the provisions against restrictions. It was never intended to permit a country to impose the most arbitrary and far-reaching restrictions and prohibitions on the whole of its foreign trade, and then to attempt to justify its action by stating that it is only imposing a State monopoly on all the products comprising its foreign trade. If it had been the intention to insert a provision entitling either party to the treaty to create a monopoly for the whole foreign trade of the country, it cannot for one moment be supposed that such a provision would have taken the form of article 4, section 8. While it would be open to Persia to claim the benefit of this section in respect of a number of individual products and to add to the number of these products, it was clearly never intended that this provision should apply to the complete range of products constituting the import trade of Persia. At what point an increase in the number of products could be said to violate the intention of the section it is obviously very difficult to say, but, wherever that point may come, it is evident that the effect could not, consistently with the intention of the section, and, indeed, of the whole article, be such as to include more than a fraction of Persia's foreign trade.

11. To sum up, it would be difficult to deny the Persian Government's right to impose restrictions "for the purpose of protecting, in extraordinary and abnormal circumstances, the vital interests of the country," although the restrictions actually imposed by the Monopoly Law are far more extensive than were contemplated at the time when the Tariff Autonomy Treaty was concluded; but if the Persian Government are to claim the benefit of this provision they must be prepared to admit that these measures must be temporary in character, that is, to agree that they shall not be continued beyond the period of acute difficulty in Persian economic affairs. The Persian Government are, however, not entitled to attempt to justify these measures under the provision allowing, under certain conditions, prohibitions or restrictions applied to *products* which, as regards production or trade, are or may in future be subject *within the country* to a State monopoly or to monopolies exercised under State control.

12. You should take every opportunity to impress orally on Persian Ministers the views of His Majesty's Government on this subject as explained above.

I am, &c.
READING.

[E 4458/2982/34]

No. 60.

Mr. Dodd to Mr. A. Henderson.—(Received August 29.)

(No. 194.)

(Telegraphic.) R.

Tehran, August 29, 1931.

MY telegram No. 192.

Note just received states that the Ministry of Finance have changed their minds, and "for certain reasons connected with current financial affairs" consider it better to continue payment of His Majesty's Government's interest at 7 per cent. They therefore withdraw for the present request for His Majesty's Government's assistance in accepting transfer of deposits.

Copy of note follows.

(Repeated to Government of India.)

[E 4368/16/91]

No. 61.

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 499. Confidential.)

Sir,

Foreign Office, September 2, 1931.

WITH reference to Mr. Henderson's despatch No. 313 of the 23rd June, 1930, I transmit to you the accompanying copy of the new instructions drawn up in consultation with the competent departments of His Majesty's Government, concerning the search of dhows by His Majesty's ships in the Persian Gulf for slaves and arms.

2. These instructions have been communicated by the Admiralty to the Commander-in-chief, East Indies, and to the Senior Naval Officer, Persian Gulf.
I am, &c.

READING.

Enclosure in No. 61.

Instructions concerning the Search of Dhows by His Majesty's Ships in the Persian Gulf for Slaves and Arms.

Slave Traffic.

THERE is no longer any general convention in force according the right of search for slaves, but the convention of the 10th September, 1919, revising the General Acts of Berlin (1886) and of Brussels (1890), states that the signatories (United States of America, Belgium, British Empire, France, Italy, Japan, Portugal) will endeavour to secure the complete suppression of slavery in all its forms and of the slave trade by land and sea. It can also be argued that the obligations of the General Act of 1890 still apply to countries who were parties to it but not to the 1919 convention, and therefore to Turkey and the States who have succeeded her. The latter would, however, probably refuse to admit this. A further legal basis of a similar kind could possibly be found in the Anglo-Turkish Treaty of 1881 for the Suppression of the African Slave Trade. A more definite legal basis in respect of Hejazi, Asiri and Nejd vessels is provided by article 7 of the Treaty of Jeddah of 1927, in which Ibn Saud undertook "to co-operate by all the means at his disposal with His Britannic Majesty in the suppression of the slave trade."

2. Treaties are still in force between His Majesty's Government and the following States, by which the cruisers of the former are allowed to search the vessels of the latter for slaves, viz., Borneo, Egypt (vessels under 500 tons), Italy, Liberia, Muscat, Persia, Spain (vessels under 500 tons) and Bahrein and the Trucial Sheikdoms (Abu Dhabi, Dabai, Shargah, Ajman, Umm-al-Qaiwain and Ras-al-Khaima).

3. The Anglo-Persian Slavery Convention of 1882 is still in force. Article 1 of this convention states that the object of the possible visit and detention of Persian merchant vessels was "in order to prevent the chance of "negro slaves, male and female, being imported into Persia." Although there is now no traffic in negro slaves, the convention appears none the less to confer on His Majesty's Government the right to visit and detain Persian ships for slaves of all races. The Persian Government maintain that the convention is out of date and so inapplicable to existing circumstances as to be virtually null and void; but this is not admitted by His Majesty's Government.

4. By custom, however, native vessels within the Persian Gulf may be searched for slaves, whatever flag they may be flying, except as stated in the following paragraphs.

5. Search must always be carried out in the manner laid down in the Slave Trade Instructions, volume I.

6. As regards Persian vessels, the practice of search is to be continued in the neighbourhood of the slave route between Mekran and the Arabian coast, where action could be justified under the 1882 Slave Convention and by the right which is exercised to search vessels in Arab territorial waters in this area. Greater care is necessary in areas such as the north-western portion of the Persian Gulf. In the latter case Persian vessels are only to be examined where

[6751]

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definite information or very strong suspicion exists, and in no case are Persian vessels to be searched in Persian territorial waters.

7. As regards Iraqi vessels, on the high seas no change should be made in the present practice, although the legal position is doubtful. In Iraqi territorial waters no action should be taken except in special cases, and then as far as possible in consultation with the Port of Basra authorities.

8. Nejdi dhows should as a general rule be exempted from supervision within Nejdi territorial waters.

Illicit Arms Traffic.

The Arms Traffic Convention of the 17th June, 1925, is not in force. Nevertheless, in taking steps for the prevention of the illicit traffic in arms by native vessels, the procedure laid down in this convention should be followed. By this convention, His Majesty's ships have the right only to "verify the flag" in native vessels under 500 tons which fly the flag of one of the parties to the convention. Under this convention, if no authority to fly the flag is forthcoming, or if, in spite of such authority, strong suspicion still exists that the vessel is carrying on illicit traffic in arms and ammunition, she may be conducted to the nearest port of the Power whose flag she has flown. No right of search is given by the convention.

2. By custom, however, native vessels within the Persian Gulf may be searched for arms except as stated in the following paragraphs. If native vessels searched are found to be carrying a greater number of arms than is necessary for the normal crew, it may be assumed that, in the absence of a special licence, they are doing so illegally, and any rifles or pistols (but not swords or daggers) in excess of this number should be confiscated.

3. If any considerable quantity of arms is found on board, or if there is a strong suspicion that the vessel is engaged in illegal traffic in arms or ammunition, the procedure laid down in Annex II, Section II, of the Arms Traffic Convention is to be carried out in the case of vessels flying the flag of one of the signatories to that convention or flying no flag.

4. The search of Persian vessels for arms could in case of need be justified by an arrangement made with Persia in 1897 which has never been cancelled; but it would be a mistake to appeal to this arrangement at the present time, when there appears to be no extensive illegitimate traffic in arms. The Persian Government would undoubtedly repudiate it if brought to their notice. The existence of this 1897 arrangement might be extremely useful later in the event of a growth of the traffic, e.g., for re-exportation to India or Afghanistan. Persian vessels should, therefore, not be searched for arms in Persian territorial waters, and on the high seas only where definite information or very strong suspicion exists.

5. His Majesty's Government have no jurisdiction over Iraqi vessels and no jurisdiction over vessels in Iraqi territorial waters. No steps have been taken to apply the Arms Traffic Convention of 1919 to Iraq, as it has never entered into force. His Majesty's Government, therefore, have no power under Iraqi municipal law to enforce the stipulations of the convention in Iraqi territorial waters. As regards the Arms Traffic Convention of 1925, although the signature of the British representative purports to cover Iraq, it was subsequently realised that it was constitutionally impossible for His Majesty's Government to accede to international agreements on behalf of Iraq, and it is proposed that the necessary steps shall be taken, so soon as the convention enters into force, to remove Iraq from the special zone.

In practice the authorities of the Port of Basra could arrange for action to be taken in Iraqi national waters in cases of importance.

6. As regards Iraqi vessels on the high seas, no change should be made in the present practice, although the legal position is doubtful. In Iraqi territorial waters no action should be taken except in great emergency, and then in consultation with the Port of Basra authorities.

7. Nejdi dhows should as a general rule be exempted from supervision within Nejdi territorial waters.

8. A summary of the special agreements giving His Majesty's ships power to search vessels suspected of being engaged in illicit traffic in arms is given in the attached Appendix.

[E 4540/4540/34]

No. 62.

Mr. Dodd to Mr. A. Henderson.—(Received September 4.)

(No. 451.)

Sir,

Gulhek, August 21, 1931.

WITH reference to Sir R. Clive's despatch No. 354, Confidential, of the 5th July, I have the honour to report that I had a few words with Teymourache yesterday evening. He told me he was leaving Persia in the first week of September with the young Crown Prince. They are proposing to travel via Russia (not Moscow, but the Baku-Shepetovka route) and Berlin, and the boy will be left at Lausanne at school. Teymourache said the boy would be there for, I think, three years, and would then go to some military academy—which one it had not yet been decided. The plan is that the Prince should be seven or eight years away from Persia altogether, with at most one or two visits home to see his father. He will spend at least one full year travelling about the world, as his opportunities of leaving Persia once he returns there for good may be few and far between. The Shah feels the prospect of this long separation most acutely, and has only decided on it by the sternest self-discipline.

2. Teymourache himself will be away till the end of November. He told me that he would certainly visit England, but he could not say yet exactly when. He intends to take a cure at Vichy.

I have, &c.

CHARLES DODD.

[E 4541/18/34]

No. 63.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)

(No. 452.)

Sir,

Gulhek, August 25, 1931.

WITH reference to my despatch No. 367 of the 15th July last, I have the honour to report that the article in the "Near East" of the 30th July entitled "An Anglo-Persian Misunderstanding" has provoked a couple of articles in reply from the pen of Rahnema in the "Iran." I enclose a French summary of the first of these.⁽¹⁾

2. If Lord Parmoor's statement appeared anodyne to the "Near East," it is evidently too astringent for the taste of Rahnema. He thinks that good relations between England and Persia are dependent upon restraint in the utterances of their statesmen.

3. He accuses the "Near East" of stirring up feeling against Persia in an effort to bring pressure to bear upon that feeble country—a method alien to the amicable spirit with which all civilised nations to-day endeavour to inform their dealings.

4. The economic crisis through which Persia is passing, though conditioned by the present world depression, has its origins in the "colonial policy" of Persia's neighbours in the past, witness the stranglehold exercised by the 1903 tariff, which stifled Persia's economic life.

5. The Government Foreign Trade Monopoly Law was the only means open to the Persian Government to deliver Persia from her economic subjection. This law is absolutely compatible with all the treaties and conventions in force.

6. The writer suggests in the course of this article that the "Near East" is an organ of the Government of India and "certain English officials in the East." I presume that you would not wish me in any way to refute this suggestion and vindicate the complete independence of the journal.

7. The second article contains no arguments with which you have not already been acquainted. They are both more moderate in tone than the previous effusion.

⁽¹⁾ Not printed.

8. Copies of this despatch, with its enclosure, are being sent to the Foreign Secretary to the Government of India and to the Department of Overseas Trade, I have, &c.

CHARLES DODD.

Postscript.—Since writing the above despatch, I have had the advantage of reading a full translation of the two articles in the "Iran." The enclosed summary fairly represents the substance of the first article; but there is one passage which I consider I should submit to you in full, as it expressly admits that the Foreign Trade Monopoly Law was designed to circumvent the Tariff Autonomy Treaty of 1928. I enclose a translation.

C. D.

Enclosure in No. 63.

Extract from the "Iran" of August 21, 1931.

(Translation.)

PERSIA only succeeded in regaining her customs autonomy as dating from 1936 by virtue of the agreement of 1928. She had to make the sacrifice of maintaining the present tariff stable till May 1936 in order to gain eventual tariff freedom, and in a country which has been exposed to the consequences of the general financial crisis throughout the world, consequences, in fact, which necessitated a policy of the greatest elasticity—such a stable tariff has proved far from favourable. The Persian Government had therefore no choice but to combat the financial crisis on a different front. The Customs Agreement of 1928, originally concluded with the Russians and the British, was automatically extended to all other Powers on the basis of most-favoured-nation treatment, and this handicapped Persia in her relations with other countries which were all entrenched to a greater or lesser extent behind their various protective tariffs. The only remedy left to Persia which did not violate any of the existing treaties was the establishment of a Persian Government monopoly in the matter of foreign trade.

[E 4542/2886/34]

No. 64.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)

(No. 453.)

Sir,

Gulhek, August 25, 1931.

WITH reference to the correspondence ending with Sir Robert Clive's despatch No. 507 of the 18th October, 1930, on the subject of quarantine conditions at Persian frontier posts, and to my telegram No. 184 of the 18th instant, I have the honour to transmit to you herewith a copy of a despatch from His Majesty's vice-consul at Resht regarding conditions at the Persian quarantine station at Kasr-i-Shirin, on the Iraq-Persian frontier.

2. This despatch constitutes an official report of personal experience and was written at my request. I have called for reports on the quarantine stations within their jurisdiction from other of His Majesty's consular officers in order that I may be able to put you in possession of the facts regarding stations at other points on the frontier likely to be passed by British travellers. I had intended to await these further reports before addressing you on the subject. But the reimposition of quarantine, as reported in my telegram under reference, seemed to render undesirable any further delay in forwarding Mr. Vice-Consul Davis's account of conditions to be expected at that point on the frontier where most British travellers from the United Kingdom enter Persia.

3. I have the honour to suggest that British subjects intending to travel to Persia should be warned of the discomforts and dangers to which they may be exposed at times when quarantine is imposed, if they are travelling by road. It is hardly necessary to add that quarantine is imposed without previous warning, and a traveller can never be certain whether, on arrival at the frontier, he will find it in force or not. Mr. and Mrs. Davis's experience is a case in

point. A list of inconveniences which foreigners in Persia have to endure was communicated to you in Sir R. Clive's despatch No. 312 of the 16th June, 1931. Quarantine in such conditions as those recorded by Mr. Davis is far more than an inconvenience. It is a positive menace to health and even life, and it is not fair to allow any unsuspecting British subject to be caught by it without due warning. It may be difficult to make persons unacquainted with conditions prevailing in this part of the world and with the heat of a Persian summer realise fully what Mr. Davis's account implies. But I consider that the attempt should be made.

4. As a neighbour of this country and as one with such intimate intercourse, His Majesty's Government is, surely, entitled to call the attention of the Persian Government to their duty in this respect. If the Persian Government may be expected to resent a direct appeal to improve conditions, I suppose that the Health Organisation of the League of Nations could be interested in the matter by discreet representations, and I venture to suggest such a step for your consideration.

5. I am sending copies of this despatch, with its enclosure, to the Foreign Secretary to the Government of India and to His Majesty's Acting High Commissioner for Iraq.

I have, &c.

CHARLES DODD.

Enclosure in No. 64.

Vice-Consul Davis to Mr. Lascelles.

(No. 31.)

Sir,

Resht, July 29, 1931.

WITH reference to Mr. Dodd's despatch No. 18 of the 13th July last on the subject of quarantine conditions at Kasr-i-Shirin, I have the honour to report that when my wife and I were detained there in the Quarantine Camp from the 5th May until the 7th May last we found conditions unsatisfactory from many points of view. The Persian consul-general at Bagdad, whom we interviewed specially for the purpose, had assured us that no quarantine was being enforced and that no passengers were being detained at Kasr-i-Shirin, and on the strength of these official assurances we had made no special provision of bedding, food, &c., for the period of detention. We were nevertheless stopped on the road by a policeman some 2 miles short of Kasr-i-Shirin town and told to go to the Quarantine Camp.

2. The quarantine station is situated by the river's edge about 1½ miles south of the road from Khanikin to Kasr-i-Shirin and about 1½ miles west of the latter town. Being low and sheltered by hills on all sides, it was already hot at the beginning of May. The buildings are all new and are solidly, not to say pretentiously, built. Unfortunately they were so new that they were not even finished. When we were there several lacked roofs, nearly all lacked doors and none at all had glazed windows. The main purpose of the quarantine restrictions seemed to be to raise a little money to finish the buildings; at least that was the impression given by the fact that when we telephoned through from Khanikin for information about the causes for the imposition of quarantine, the time of detention, &c., all we could get was a scale of charges which passengers would be obliged to pay.

3. This impression was strengthened by the somewhat farcical nature of the quarantine itself. We were never once submitted to medical examination. The doctor appeared every morning and every evening, but he never examined any of the passengers. Residents in the town were allowed to come into the camp to visit quarantined persons, and their servants were allowed to bring bedding, food, &c., for their friends without restriction. We ourselves benefited greatly from the kindness of the Anglo-Persian Oil Company's representative in this way. One coffee-house keeper at least was allowed free access to us, and was quite at liberty, after contact with us, to go to the bazaar to buy food, despatch telegrams, &c. Persons detained in the quarantine were allowed to go down to the river to wash their clothes and their persons, also to drink, regardless of the number of peasants and cultivators they met and conversed with *en route*. In

fact, there was no attempt at isolation, no medical inspection, no disinfection or sterilisation of baggage and effects.

4. Water supply, as mentioned in the preceding paragraph, was from the river, which, having just flowed through the Persian town, could not be considered uncontaminated. In some of the unfinished buildings we saw pipes and taps, but they were innocent of water. Water said to be filtered was brought to us from day to day in an earthenware pot. We naturally distrusted it and took the precaution of sterilising all the water we drank.

5. Food was not supplied by the quarantine authorities. Each passenger was left to make his own arrangements. The usual practice was for the passenger to utilise the services of the coffee-house keeper, who took orders (and money), went to the bazaar, made his purchases and then returned to the camp to cook the food and bring it to his customer. Supplies were very poor indeed, nothing but native food being available in Kasr-i-Shirin.

6. Sanitation, as far as we were concerned, was represented by a native latrine in an adjoining building occupied by some Iraqis which we were graciously allowed to use. No European lavatories were available. No disinfectant was used in the native latrine while we were there. The larger building in which we were given a room when we first arrived seemed to have no lavatory accommodation whatsoever.

7. As regards the accommodation allotted, I have to report that when we arrived on the 5th May we were taken to a large building consisting of a central corridor from which four rooms opened on each side. Most of these rooms were occupied by a motley crowd of natives of both sexes and ages. An empty room was assigned to us. It had no door and blank gaps in the walls where the windows should have been, no table, no chair, no bed or bedding. Here we were lodged for several hours until the quarantine doctor arrived, all our movements watched with the greatest interest and intentness by the crowd of Arabs, Persians, Jews, Kurds and others who swarmed in the corridor outside the door [*sic*] and on the verandah outside the windows [*sic*]. This seemed to be considered quite suitable accommodation for European travellers paying first-class quarantine charges. It was only with great difficulty that the doctor was constrained upon to remove us to a smaller and more secluded building which had a door with no fastening and window frames with no glass. A table, two chairs and two hospital beds were here produced for our comfort, and by dint of tying up the door with string and curtaining the window spaces with sheets which we happened to have with us we ultimately managed to secure a little privacy. On the second day of our detention the three remaining rooms in our little building were filled with travellers—an Englishman in one room, several relatives of the Iraq consul at Kermanshah in another, and so forth. That was the end of all privacy for us, and we were glad, indeed, when we were allowed to depart without completing our six days' quarantine.

8. A copy of this despatch is being sent direct to His Majesty's consul at Kermanshah.

I have, &c.

A. W. DAVIS.

[E 4544/1152/34]

No. 65.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)

(No. 455.)

Sir,

Gulhek, August 25, 1931.

IN his despatch No. 319 of the 17th June last Sir Robert Clive gave an account of the difficulties recently experienced by the Persian branch of the Junkers Company in their dealings with the Persian Government. I have the honour to inform you that since that date the negotiations between Herr Weil and the Ministry of Posts and Telegraphs have dragged on in a somewhat desultory fashion, and no settlement is yet in sight. The former has, indeed, won his point in connexion with the original cause of the dispute: the heavy increase

of rates recently imposed on all correspondence sent by air has now been withdrawn: and he has not carried out his ultimatum to send three of his aeroplanes home to Germany, though it seems that he has reduced his already exiguous establishment and dispensed with the services of three out of his nine pilots. But his negotiations now embrace the larger question of the extension or rescission of the company's contract, which comes to an end next February, and in spite of the wholly admirable quality of the services rendered by Junkers during the past years in the development of Persian communications, it is evident that a prolongation of the contract is by no means a foregone conclusion.

2. I enclose herein a translation of an article which appeared a short while ago in the "Ittilâ'ât," a Tehran evening paper; there can be no doubt but that this article was officially inspired, and it is, indeed, characteristic of the methods employed by the Persian Government, who habitually make use of a press which they allege to be free of any but an "eliminator" control in their efforts to influence foreign firms engaged on contract work in this country. Herr Weil admits the inspired nature of this article, but professes to be not much perturbed by its purport.

3. It cannot be denied that the company are still very far from having carried out all the obligations incumbent on them by virtue of their contract. No three-engined machines have as yet made their appearance in Persia, and nothing has been done to establish either an aviation school or a Persian aviation company. The question of the aviation school would appear to constitute at present the chief stumbling-block in the way of a satisfactory settlement; Herr Weil estimates the cost of establishing such a school at some 80,000 tomans, and is naturally anxious to postpone the moment for embarking on this costly enterprise until the financial situation of the company has improved. It seems, moreover, that both the company and the Persian air force insist on controlling the school when it is finally brought into being, and neither side is ready to give way over this important point. Relations between the company and the air force are habitually strained, and both the German Minister and Herr Weil have received, from Teymourache and the Minister of Posts and Telegraphs respectively, unmistakable hints to the effect that an extension will be secured only if matters can be "arranged" with the military authorities. The latter have before now contrived to make capital out of their position; two years ago, Herr Weil informs me, they received from him 6,000 tomans' worth of spare parts, and he has information to the effect that this material is entered in the air force books as having been duly paid for, though the company has never received a kran for it. It is now a standing rule with Junkers that no special aeroplane chartered by the military may leave the ground until the fare has actually been received; and Herr Weil declares that he will leave the country rather than resort to bribery to obtain a renewal of the contract.

4. Rumours have of late been current in Tehran to the effect that the Persian Government have received an offer of £10,000 for the supplanting of the Junkers Company by a French contractor. The French Minister informs me, however, that no negotiations are in progress in this connexion, and that the forthcoming visit of a French military air squadron to Tehran will in reality be an exercise planned without any such ulterior motive. It is certain that the Shah has a prejudice against French aviation owing to the failure of the last French air mission, and Herr Weil, who estimates his own chances of securing a renewal of the contract at a little over 50 per cent., is of the opinion that if he should fail, the windfall is more likely to be secured by an Italian firm than by a French one.

5. I am sending copies of this despatch, with its enclosure, to the Foreign Secretary to the Government of India and to His Majesty's Acting High Commissioner for Iraq.

I have, &c.

CHARLES DODD.

Enclosure in No. 65.

Extract from the "Ittilâ-ât" of August 2, 1931.

(Translation.)

THE JUNKERS CONTRACT.

THE prospective renewal of the contract granted by the Government to the Junkers Company gives us occasion to set forth our views on this question. We hope that the authorities will receive them in the same impartial and unbiased spirit in which they are given:—

Desiring to introduce all the latest improvements into the country, the Government took steps to create a system of aerial posts in Persia. This gave rise to a competition between French and German aviation companies, which was won in Bahman 1304 by the Germans, who offered the best terms.

Those who had the progress of Persia at heart welcomed this event, and the papers described the inauguration of an aerial post as a useful step in the advancement of the new Persia. The concession was granted for five years, and it will therefore come to an end in Bahman of this year (sometime in February 1932). It may be as well, at this stage, briefly to review the history of this concession, in order to ascertain whether the contracting company has fulfilled its contractual obligations and to determine whether the renewal of its contract is genuinely in the advantage of Persia. Before proceeding to answer these questions we must give the directors of the company their due and testify to their proficiency and technical and scientific qualifications. They have done much to gain the public confidence, and their aeroplanes have suffered hardly a casualty. We do not therefore wish to call in question the safety, comfort, speed or solidity of their machines. We are also glad to be able to say that notwithstanding the hot climate of our country and its peculiar meteorological conditions, their aeroplanes have fully proved their worth so that the various types of accident so frequent, even in Europe, have seldom occurred in this country.

Having said this, we must, however, state that where its own advantage was not concerned the contracting company has seldom stopped to consider the vital interests of this country in matters to which we attach the utmost importance, and this, though the Persian Government have always taken great care to safeguard the company's interests, and have even gone so far as to exempt the petrol and lubricating oil used by the company from customs dues.

The company undertook by virtue of section (c) of article 8 of the concession—

To establish a technical aviation school and import instructional aeroplanes for the training of Persian pilots and mechanics.

Section (d) of the same article runs:—

The admission by the company into its various institutions of two Persian students at a time, throughout the period of the contract, for instruction at the expense of the company in all branches of aviation.

Section (f) of the same article:—

The formation of a Persian aviation company in accordance with Persian law.

Section (h) of the same article:—

The use by the company throughout the period of the concession of a number of large aeroplanes with three engines and the use, if necessary, of one such machine immediately after the sanction and granting of this concession.

The Government had in mind to ensure that while others reaped the advantages of the contract, Persia should also benefit through an arrangement by which she should eventually be able to count on a number of trained Persian pilots and air mechanics. They wished to bring about the establishment of an aviation school, the training of two Persian students at a time in the various branches of the company and the formation of an aviation company with at least half of the shares held by Persians. None of these obligations, though legally

binding on the company, have been put into effect, and it is the company which is responsible for the fact that advantages which should have accrued five years ago to Persia still remain in abeyance. One wonders whether it is really expedient that the concession should be renewed with a company which regards with total indifference the interests of the Government which granted it. From the legal point of view the answer is in the negative, unless indeed the Minister of Posts and Telegraphs, who enjoys a merited reputation as a competent official and an energetic supporter of Persian interests, is fully satisfied that the company will turn over a new leaf and will henceforth fulfil scrupulously its obligations and safeguard Persian interests. Confident as we are that the present Government never adopts an obstructive attitude towards any measure conducive to the public welfare, we cannot but attribute the indifference displayed towards these unfulfilled obligations to the company and not to the Government, and we therefore repeat that unless the interests in question are safeguarded, the concession should not be renewed to Junkers.

We consider that it is in the interests of our country that at the present stage when the contract has still five months to run, this hint should be given to the Government, in order that when the time comes to consider the renewal more attention may be paid to the moral and material interests of the Persian people.

[E 4546/4546/34]

No. 66.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)

(No. 457.)

Sir,

Tehran, August 25, 1931.

WITH reference to your circular despatch of the 19th June last calling for reports on the conditions prevailing at diplomatic posts, I have the honour to transmit to you herewith a brief memorandum on the more personal aspects of life in Tehran at the present time. The circular despatch of the 7th December, 1920, therein referred to does not appear to have been addressed to His Majesty's consular officers in Persia, and for that reason it has not been possible to confine the enclosed memorandum to conditions obtaining only in Tehran.

The general tone of the memorandum will be found discouraging to those appointed to this post and desirous of consulting it, and in submitting it I am well aware that to those who have experience of Tehran life as it was until a few years ago the picture will appear quite unwarrantably pessimistic. I am assured, however, by qualified observers that life here has changed enormously since the inauguration of the present régime, and that, as far as the real amenities of existence for the foreigner are concerned, it has changed almost uniformly for the worse. The picture here drawn seems to me an accurate one, and I can only express my regret that it should not be honestly possible to render it more flattering to the subject.

I have, &c.

CHARLES DODD.

Enclosure in No. 66.

*Notes on Conditions of Service at Tehran.*1. *Climate and Health.*

TEHRAN is about 3,800 feet above sea level, and the Gulhek Legation, 8 miles away in the Elburz foothills, is approximately 800 feet higher. The climate throughout the year is sunny and extremely dry. There is a short winter—mid-November or even early December to mid-March—which is often no more severe than a mild winter in the south of England. Little snow falls in Tehran itself, and there is seldom enough ice for skating. The ill-paved streets of Tehran are ankle deep in mud for weeks at a time, but there is hardly a day without sun. The spring and autumn are short but delicious; the summer long, hot and bone dry, but not unbearable at Gulhek, as the nights are almost always tolerably fresh.

There is plenty of exercise to be got both at Tehran and Gulhek, and health conditions are on the whole good. It must, however, be added that the extreme dryness of the air, the height above sea level, the lack of all ordinary social amenities (*e.g.*, music, theatres and a tolerably wide choice of acquaintances) and, in the case of unmarried secretaries, the lack of those special amenities which in European and American capitals mitigate the rigours of the celibate state—all these have given Tehran an unenviable reputation for nervous complaints. In particular, those suffering from a disposition towards insomnia should not come to Tehran if they can avoid it.

The exceptionally high incidence of death and disease noticeable in recent years among the members of the Diplomatic Corps seems to be due not so much to the physical conditions prevailing as to the marked incompetence of local doctors and the general atmosphere of depression which pervades the social life of Tehran.

2. Health Resorts.

There are none in Persia in the ordinary sense of the term, but members of the Legation can generally count on getting a week or two of camping during the summer in the Lar Valley, a treeless stretch of turf about 7,000 feet above sea level and some 25 miles (*i.e.*, one day by car and mule) from Gulhek. At Lar there is trout fishing, climbing and ibex shooting.

3. Suitable Clothing.

For the winter ordinary English winter clothes and for the summer at least three suits of tropical clothing—silk tussore or drill. Sun helmets of the lighter sort are worn by most people in summer. Shorts for climbing, riding kit (preferably including a pair of light-weight jodhpurs), thick tweeds for shooting. Travelling in winter can be intensely cold on the high passes, but a fur coat is an unnecessary expense, as one can buy locally sheepskin coats ("pusteens"), which serve the purpose well and are cheap. A morning coat and silk hat are, of course, necessary for occasional functions, but in general it may be said that Tehran is not a "dressy" place, and one can wear out old clothes.

4. General Cost of Living.

(a) *For cost of food*, see current price lists submitted to the Foreign Office at regular intervals; owing to the financial crisis through which Persia is passing at the moment of writing this memorandum, it is impossible to give here any figures which would be of lasting value. *Meals at restaurants and hotels* are to be avoided at all costs.

(b) *Cost of Clothing, &c.*—Almost nothing wearable is obtainable in Persia, and one is thus entirely dependent on imports from abroad.

(c) *House Rents.*—Government houses are provided.

(d) *Furniture.*—Practically no ready-made furniture can be bought locally, but simple articles of furniture can be copied fairly well by local carpenters for prices which on the whole compare favourably with the cost of the corresponding ready-made article in England. But good wood, thoroughly seasoned, is difficult to obtain. (A minimum equipment of furniture for the Legation houses is rented from His Majesty's Office of Works at a yearly cost of about one-seventh of the total estimated value of the furniture supplied.)

(e) *Fuel and Lighting.*—See current price lists submitted to the Foreign Office. Both firewood and coal are scarce and expensive compared with English standards.

(f) *Servants' Wages.*—Cook, £3 10s. a month; head servant, £2 10s.; second servant, £2; "baji" (washerwoman), 10s. a head a month; gardener, £2 5s. (These wages were being paid, and this was the staff employed, at the "secretaries' house" in 1931, but wages, like prices, were rising. It must also be remembered that both the actual wages paid and the cost of commodities bought by servants vary considerably according to the rank of the officer concerned. There is an intricate system of perquisites, which it is quite impossible to circumvent, and the Minister pays appreciably more, the probationer vice-consul appreciably less, for the same thing.)

(g) *Facilities for, and Cost of, Travelling.*—All travelling is done by aeroplane, car or animal transport; there are as yet no railways in Persia with

the exception of a short stretch of line in the Caspian provinces and another in Khuzistan. Bagdad can be reached by air (Junkers) for about £16, with heavy extras for luggage, Bushire for about £17 and Baku for about £13. Rates of hire for cars vary greatly. In 1930 a four-seater Oldsmobile could be got to take one to Isfahan and back (some 520 miles in all) for £15. About £25 is now usually charged for a larger car from Tehran to the frontier at Khaniqin (single journey). There are still very few roads, and anywhere off these mules are chiefly used. These normally about a toman (now roughly 2s.) a head a day, and can travel about 15 miles a day in hilly country; five mules can comfortably carry the camping kit of one man and his servant. Local horses are cheap, but generally of poor quality and stamina.

(h) *Medical attendance* is provided free by the Legation doctor. There is quite a good dentist in Tehran.

(i) *Local taxation* is so far negligible for the officer enjoying diplomatic privileges.

(j) *"Tipping"* is prevalent, but the scale is relatively low, and, in the absence of all public amenities and most public facilities, it is not a serious budgetary item.

5. Hotel Accommodation.

This is of the most primitive and unsatisfactory kind, even in Tehran. In the rest of Persia there are perhaps five hotels reputed to be just tolerable, but even at these the food is disgusting, the sanitary arrangements unspeakable and the rooms far from clean. Fleas and bed-bugs are fortunately rare on the central plateau, but this is certainly not due to any care for cleanliness on the part of the inhabitants, whose standards are of the lowest.

6. Boarding Establishments.

There are one or two "pensions" in Tehran, kept for the most part by Russians; they cannot be recommended except to the hardiest.

7. Size of the British Community.

One hundred and ten British subjects are registered on the books of the Tehran consulate-general, and of these about sixty are British Indians. The white British subjects are for the most part employed as clerks in the Imperial Bank of Persia. The British colony was much larger at the beginning of 1931; that is, before the withdrawal of the Indo-European Telegraph Department and Company from Persia, and as a result of the recent trade legislation and of the generally obstructive attitude adopted by the present Persian Government towards all foreign enterprise it is likely to shrink still further in the near future.

8. Society and Social Obligations.

For all practical purposes Tehran society is restricted to the small Diplomatic Corps and to one or two members of the foreign colonies; in fact, to an endless round of official and semi-official parties, at which contract bridge (auction is not played at Tehran) provides the only distraction for those who do not care to dance interminably with the same half-dozen partners. It is the chauvinistic policy of the Persian Government to discourage all intercourse between Persians and foreigners; the result is that very few Persians can afford to frequent the British Legation, and those whom one occasionally meets elsewhere are inclined to restrict their conversation to the tritest of platitudes. This is not the place for a disquisition on the Persian character, but it may be said that the modern educated or half-educated Persian is generally a deplorable dullard. In private life he has not altogether lost the good manners for which his ancestors were so famous, but he has been cut adrift from his own country's cultural traditions without absorbing more than a smattering of European culture. He is usually entirely ignorant and more or less ashamed of the glories of Persian literature and art, which he is being taught to consider out of date and unworthy of study, and the Persian authorities are doing their best to inculcate in him a distrust of the motives of any European who expresses interest in these things. On the other hand, he is nothing if not vain, and rather than display an interest in European affairs, which might also reveal ignorance, he

prefers to confine his conversation to the most desultory banalities. There are exceptions, of course, but they are exceedingly few, and intercourse with them is restricted for the political reasons already alluded to.

In out-of-the-way places and among the lower classes of the population the Persian will generally be found courteous, agreeable and even witty, but it is unfortunately only on holidays that a diplomat has much occasion to mix with such people.

9. Public Speaking.

In Tehran there are no opportunities for public speaking.

10. Recreation.

The principal sports are riding, shooting and tennis. Primitive polo (no grass) can be got all the year round, and throughout the cooler months there are occasional mounted paper-chases in which members of the foreign colonies take part. Ponies are becoming almost unprocurable in Tehran, but when found they are very cheap; £12 to £15 is a normal price to pay for a young pony more or less broken in, but the best ponies are got up from Bagdad, and this, of course, entails considerably greater expense, trouble and delay.

Duck, snipe and an occasional woodcock are to be found in the country surrounding Tehran.

There are large swimming pools both in the Tehran and Gulhek Legations.

Ski-ing is obtainable at Hamadan for many weeks of the winter; at Tehran there is little snow, but on the surrounding hills, about an hour's run in a car, one can usually count on getting between one and three weeks' ski-ing in the course of the winter on very fair slopes. Skating is seldom to be got.

There is at present no golf course.

Association football is played throughout the winter by Europeans (chiefly British) on a gravel ground.

Apart from one or two cinemas (one of which is fitted for sound films), Tehran is entirely lacking in any form of public entertainment. There are no theatres, Persian or European, and there is no music. The cafés and restaurants, as has been said above, are of the tawdriest description, and the food which they provide is far from palatable.

11. British Institutions.

Apart from the Imperial Bank of Persia and one or two firms, chief among which is the Tehran branch of the Anglo-Persian Oil Company, there are no British institutions in Tehran.

(a) The Bishop in Persia, who lives at Isfahan, usually comes twice a year to Tehran to hold an *Anglican Church service* in the church owned by the local American missionaries.

(b) and (c) *Societies and Clubs*.—The Tehran Club is open to both Europeans and Persians, but in practice the membership is almost entirely European. It provides the usual facilities: a reading room fairly well stocked with newspapers, card rooms, tolerable food and tennis courts. There is no other club or society worth mentioning with the exception of the Iran Club, the membership of which is chiefly Persian, though a few Europeans belong.

(d) *Schools*.—In the whole of Persia there are two good schools for *Persian* children: the Stuart Memorial College at Isfahan, run by British subjects and supported by British missionary enterprise, and the American School of Tehran, run by American missionaries. There are no schools providing an adequate education for *European* children.

(e) There are no foreign *chambers of commerce* in Persia.

(f) Foreign newspapers are unprocurable in Tehran, but the "*Messenger de Téhéran*" publishes the British, as well as the French, German and Soviet, official wireless bulletins. The Tehran Club is fairly well stocked with newspapers. There are no libraries and no bookshops worth anything. All books must be obtained from abroad.

(g) There is no local *British charitable fund*.

(h) The only tolerable *hospital* is run by the American missionaries, but even that is somewhat primitive and out of date. There are no private nursing homes.

The British colony supports a sort of district nurse. The present woman is unsatisfactory, and will disappear at the end of the year. It is doubtful whether the funds available will enable a salary to be offered which will tempt a more suitable woman to succeed her.

(i) There are Protestant and Roman Catholic *cemeteries*, decently kept and under the control of European committees.

(j) The only *British bank* is the Imperial Bank of Persia, which transacts all ordinary business within the limits imposed by the Persian Exchange Control Laws and other recent legislation.

12. The main points of personal interest which should be borne in mind by those proceeding to Persia are that nothing except the barest necessities of life is obtainable locally; that facilities for uncrossed parcels bags from the Foreign Office have of late been so whittled down by the Persian authorities that even that method of supply is subject to many irksome restrictions and is becoming daily more precarious; that it is impossible to send uncrossed bags to the Foreign Office, while the system of sending parcels by the Persian post is so complicated and unsafe that for practical purposes it may be said that one cannot send parcels out of the country at all; and, finally, that morally no less than materially one lives, whether one likes it or not, in an extremely restricted social community almost completely isolated from the life of the country, so that one should be prepared to create one's own amusements, and armed, as far as possible, against the moral claustrophobia which is here endemic.

[E 4547/4547/34]

No. 67.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)

(No. 460.)

Sir,

Tehran, August 25, 1931.

WITH reference to Sir Robert Clive's despatch No. 416 of the 26th August, 1930, I have the honour to transmit to you herewith a copy of the balance sheet of the National Bank for the year ending the 21st March last,⁽¹⁾ including a copy of the annual report.⁽¹⁾

2. The balance sheet, which is as usual unaudited, shows a net profit on the issued capital of 10.3 per cent., as compared with 8.2 per cent. for the previous year. It transpires, incidentally, that the 500,000 tomans which, according to the budget of 1930-31, were to have been added to the bank's initial capital of 800,000 tomans, have not been paid up—a good many appropriations in that budget having apparently met with the same fate.

3. Great play is made in the annual report with the increase in the number of accounts opened with the National Bank—from 5,253 to 8,617—but this must have been very largely due to the coercive methods adopted at the time when the bank enjoyed a virtual monopoly of the exchange business.

4. Dr. Lindenblatt is at the moment a far from popular figure in official circles, as he is held responsible for the Government's investments in German banks. His prestige is consequently very much lower than it was, and I understand that he is now very rarely consulted by either the omniscient Minister of Court or the more modest Minister of Finance.

I am sending copies of this despatch and its enclosures to the Foreign Secretary to the Government of India and to His Majesty's High Commissioner for Iraq.

I have, &c.

CHARLES DODD.

⁽¹⁾ Not printed.

[E 4548/328/34]

No. 68.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)
(No. 461.)

Sir,

Gulhek, August 25, 1931.

I HAVE the honour to inform you that the negotiations for the proposed Soviet-Persian Commercial Treaty have been all the more actively pursued that both the principal negotiators are anxious to leave Tehran in the near future. Teymourache has apparently arranged to leave on the 4th September as escort to the Crown Prince on his European *début*, while the Soviet Ambassador is suffering from such a serious kidney complaint that delay in doing a cure may prove fatal. Although agreement seems to have been reached on most points, there are still a number of difficulties to be overcome, the Soviet Government having turned down certain suggestions put forward by M. Petrovski. The Minister for Foreign Affairs informed a member of my staff yesterday that it would be some time yet before the treaty was signed.

2. There have been such persistent rumours abroad relating to the special advantages to be granted to the Soviet Government—including one to the effect that they would be guaranteed 30 per cent. of the total imports authorised through the Gulf ports—that I thought it advisable to make some attempt to obtain an assurance from Feroughi that this would not be the case. I attach a copy of my letter to him, together with a copy of his reply, in which his Highness only goes so far as to state that the Persian Government will not accord to any one Power advantages which it could not similarly accord to others under the same circumstances and subject to the same conditions. An assurance of this sort is practically valueless, coming as it does from a Government which habitually declares that its relations with the Soviet Government are of a peculiar nature and not strictly comparable to any other. I would invite your attention in this connexion to the unsatisfactory reply received to this Legation's objections to the preferential treatment accorded to the Russians in the matter of exchange: "The fact that the Russian commercial institutions were exempt from selling the exchange derived from the sale of their exports was due to the fact that Persia's trade with Soviet Russia was based on the principle of barter and was of a special nature" (see Mr. Parr's despatch No. 107 of the 10th March last).

3. I have no inside information regarding the terms on which a final agreement is likely to be reached, but everything seems to point to a return to the 1927 agreement, with a special attempt on the Persian side to ensure that the Russians will adhere a little more closely to the principle of the balance of trade, and that accounts will be more easily settled. This implies that the Persians have abandoned all hope of inducing the Russians to export Persian produce before they import their own goods in exchange. It is also probable that the import quotas will be revised to suit the Russian book, while the reports to the effect that the Russians are to be guaranteed a fixed proportion of imports in the south may be due to the somewhat surprising Persian desire to make certain of the supply of such staple commodities as sugar by placing forward contracts for their delivery in bulk, primarily with the Russians, but also with other countries. It is a curious fact, indeed, that the Minister of Court, who a little over a year ago glibly told Sir Robert Clive that Persia could very well do without Russian products, should have been so agitated by M. Petrovski's statement that the Russian sugar originally destined for Persia had already been shipped to India and elsewhere—unless, as the commercial secretary has pointed out in a despatch to the Department of Overseas Trade, Teymourache has since realised that the very principle of the trade balance which the Persian Government try so hard to enforce may have the effect of restricting Russian purchases of Persian produce if their sales are restricted in the first place.

4. Where we should anticipate preferential treatment to be accorded to the Russians is in the matter of export certificates, which the Persian Government may continue to exact from all other importers, thereby placing a very serious handicap on their business. It is conceivable that the Persian Government, having already made capital out of this concession to the Russians, hope that it may prove the means of inducing other Powers, such as the United States and Iraq, whose purchases of Persian products normally exceed their imports of "authorised" articles into this country, to negotiate similar agreements. The

Persians may even hope that this form of blackmail may lead another class of Powers, whose takings of Persian products (less oil) are normally inferior to their sales in this country, to redress the balance of their trade with Persia by buying more from her than they have done hitherto. The Persian Government, if this supposition is correct, would claim that they were ready to deal with nations, but not with individual merchants, and that they would consider claims to most-favoured nation treatment only in cases where Powers were willing to adhere to the principle of the trade balance.

5. I would like to emphasise the fact that this is mere conjecture on my part and it may sound a little far-fetched, but I submit that this is the sort of rejoinder which one learns to expect from people endowed with such fertile imaginations as the Persians. Moreover, I understand that a project aiming at the establishment of a trade balance with every country with which Persia had commercial dealings was put forward as early as the autumn of 1926, a copy being sent to the Department of Overseas Trade at the time. A reference to this question will be found in paragraph 238 of the annual report on Persia for 1927.

6. A point of some interest is that the Persian Government, in assessing the country's balance of trade, have consistently refused to include the oil shipments. The latter, under the monopoly laws, confer no right of import. It seems that this is a very sore subject with the French and Belgians, the proportion of whose takings of Persian oil to their total purchases in this country was approximately 89 per cent. and 99 per cent. respectively in the year ending March 1930. I am told that the French Legation hinted to the Minister of Court soon after the monopoly laws were introduced that the French Government, which were then negotiating the purchase of considerable quantities of Russian oil products, might well decide to put an embargo on Persian oil, but that Teymourache merely replied in his airy fashion that they were at liberty to do so, and that the Persian Government were in any case only interested to the extent of the royalty.

7. I am forwarding copies of this despatch, with its enclosures, to the Department of Overseas Trade, the Foreign Secretary to the Government of India, and to His Majesty's High Commissioner for Iraq.

I have, &c.

CHARLES DODD.

Enclosure 1 in No. 68.

Mr. Dodd to M. Feroughi.

Mon cher Ministre,

Gulhek, le 17 août 1931.

LES bruits qui courent au sujet des termes de l'accord commercial projeté entre la Perse et la Russie soviétique ne manquent pas de m'inquiéter, bien que je me rende compte que la plupart sont très probablement erronés.

Puis-je prier votre Altesse de me rassurer à ce sujet?

Les traités en vigueur accordent aux intérêts britanniques en Perse les droits de la nation la plus favorisée et j'ose espérer qu'il ne sera conféré aucun privilège, sous n'importe quelle forme, au commerce soviétique qui ne sera immédiatement conféré au commerce britannique.

Très cordialement à vous,

CHARLES DODD.

Enclosure 2 in No. 68.

M. Feroughi to Mr. Dodd.

Mon cher Chargé d'Affaires,

Téhéran, le 20 août 1931.

EN réponse à votre lettre en date du 17 courant, j'ai l'honneur de vous faire savoir que je ne connais pas les bruits qui courent au sujet des termes de l'accord commercial entre la Perse et la Russie, qui d'ailleurs n'est pas encore fait. En tout cas, je peux vous assurer que le Gouvernement persan ne fera aucune

discrimination entre les Puissances en ce qui concerne ses relations commerciales et qu'il n'accordera à aucune d'entre elles des avantages qu'il ne puisse donner à d'autres dans les mêmes circonstances et avec les mêmes conditions.

Cordialement à vous,

M. A. FEROUGHI.

[E 4549/847/34]

No. 69.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)
(No. 463.)

Sir,

Gulhek, August 25, 1931.

WITH reference to my telegram No. 183 of the 18th instant, I have the honour to inform you that the Minister of Finance asked the acting chief manager of the Imperial Bank of Persia on the 15th whether the bank would delay the withdrawal of its notes until the 21st March next, unless the Government happened to be in a position to introduce the new note issue sooner, in which case the bank would be given two months' notice. This notice, however, would not be given before the 1st November, so that the present notes would not begin to be withdrawn before the 1st January at the earliest. Mr. Butters informed Taghi Zadeh that he would forward the Government's request to his board. The latter subsequently instructed him to convey to the Persian Government their readiness to meet their wishes and co-operate in every possible way, it being understood that the Imperial Bank would, in return, be granted the right to purchase exporters' exchange on the same terms as the National Bank.

2. Teymourache let it be known to Mr. Butters that the commercial treaty he hoped to conclude with the Soviet Ambassador by the end of this month would probably contain a clause to the effect that the Soviet acknowledged themselves bound to purchase exchange from the authorised banks only. This would clear the way for giving the Imperial Bank the privilege it asked for, and his Highness held out the likelihood that the monopoly regulations would be amended accordingly. He wanted, however, an exchange of letters, in which the bank would recognise that it had no claim to equality with the National Bank and that the permission accorded to it to purchase exporters' exchange was by favour of the Government. He pretended that he was prepared to go to arbitration on the question of principle if the Imperial Bank insisted on maintaining their point of view. Taghi Zadeh has also impressed upon Mr. Butters the threat that the bank would get nothing if it demanded anything as a right.

3. Teymourache may or may not be bluffing, and he is certainly practising blackmail, but the fact remains that the bank cannot hope to carry on its business in Persia in direct opposition to the Government. An agreement on practical lines is the best that can be hoped for, and any categorical assertion of the bank's rights at this juncture might well prejudice Mr. Butters's negotiations. I have consequently decided not to make any official representations to the Persian Government as yet, and trust that you will agree.

4. Mr. Butters informed me in confidence that, in practice, the bank could not refuse the request of the Government to keep the present note issue in circulation, since the withdrawal of the notes could only be effected with the assistance of the Government, and in virtue of Government decrees. On the other hand, Mr. Butters is also of the opinion that the Government, perhaps prompted by the newly arrived Belgian financial advisers, have begun to realise how much depends on the Imperial Bank to bring such a delicate operation to a successful conclusion. The National Bank is so short of notes that it is making its payments in silver, to the great annoyance of Government departments. Both the Belgian Treasurer-General and the German manager of the National Bank have been to see Mr. Butters on the subject. Dr. Lindenblatt has gone so far as to promise the Imperial Bank his unstinted support in its negotiations with the Government if it agrees to issue another million tomans' worth of notes in co-operation with the National Bank.

5. Dr. Lindenblatt confided to Mr. Butters at the same time that he was extremely anxious about the whole question of the gold standard and the new currency. He stated that he was going to ask the Government to acquaint him

with the exact measures they proposed to adopt to maintain the rial at par, and he would resign without any hesitation if he judged them insufficient. He was a poor man—in spite of his present salary of £5,000 per annum—and he could not afford to lose his reputation as a banker. If the rial followed the example of the kran, he would be held partly responsible, to say the least, in banking circles, both in Germany and elsewhere.

6. Teymourache has promised Mr. Butters that he will settle the bank's affairs before his departure to Europe on the 3rd or 4th September, and he will probably see Mr. Butters on the 26th August. The latter is very sanguine of his ability to strike a bargain on purely practical lines, without raising the issue of principle, and I trust that his expectations may be realised.

I have, &c.

CHARLES DODD.

[E 4550/439/34]

No. 70.

Mr. Dodd to the Secretary of State for Foreign Affairs.—(Received September 4.)
(No. 464.)

Sir,

Gulhek, August 25, 1931.

I HAVE the honour to report that since writing my despatch No. 423 of the 10th August, I have had further conversations with the French and Dutch representatives on the subject of the Southern Persian air route.

2. As Sir Robert Clive had informed the Netherlands Chargé d'Affaires in May that he did not propose, for the time being, to press for the prolongation of Imperial Airways' permission (see your despatch No. 443 of the 11th August approving this language) and as the situation had been radically changed by His Majesty's Government's offer to reopen the Duzdap Railway in return for the prolongation of the permission, I felt it only right to tell him, in strict confidence, of the step which His Majesty's Government had taken. In doing so, I impressed upon him the necessity, in the interests of all three countries concerned, of maintaining complete silence as to the *pression* which His Majesty's Government were exercising. He promised to do so and I am confident that this promise will be observed.

3. M. van Buttingha Wichers has since spoken to the Minister for Foreign Affairs about the extension of the K.L.M.'s permission. Feroughi stated that there would be no objection to the grant of an extension until the Imperial Airways' permission expired, but that he could promise no more than this. When M. van Buttingha Wichers asked for a reason, Feroughi replied that a similar request had already been refused when made by him a year ago. His Highness did not repeat the reason which he had given on that occasion (which was that the Persian Government objected to an extension for Imperial Airways' permission owing to their fears of British political influence), but said that the Persian Government wished the aeroplanes to follow a route profitable to Persian interests, that is to say, one across the centre of Persia by which cities not now connected by air might be linked up. M. Buttingha Wichers protested that no such route across the centre of Persia was practicable, to which Feroughi merely replied that there might be other reasons with which he was not acquainted.

4. M. van Buttingha Wichers then impressed upon the Minister for Foreign Affairs the deplorable effect which the denial of a Persian link in air communications to the Orient would have on Dutch and other European public opinion, and said that the Netherlands Government could not endure it. Feroughi asked if they proposed to use force, to which M. van Buttingha Wichers replied that, if anyone were using force, it was the Persian Government. He compared their action to the closure of the Suez Canal—it was even worse than closing the Canal, as there was no alternative route—and said that he was quite unable to believe that in the end they would really refuse. Feroughi finally said that there was no "décision nette et précise," that he was not opposed to the extension himself, that unfortunately his own influence in the question was very small, and that in any case he would lay M. van Buttingha Wichers's representations before the Council of Ministers.

5. M. Buttingha Wichers informed the Minister for Foreign Affairs on this occasion that the K.L.M. intended to run a bi-weekly service in each direction

[6751]

H 3

from the 1st October, instead of a weekly service as at present. This was in accordance with their permission, which allowed 104 flights each way yearly. Feroughi said that there would be no objection.

6. The French Minister has also been informed of His Majesty's Government's offer to reopen the Duzdap Railway in return for the prolongation of Imperial Airways' permission and has promised to observe complete silence. He, too, has discussed the question with the Minister for Foreign Affairs, who explained the attitude of the Persian Government as being quite definitely due to fear of British political influence.

7. In the meanwhile, I have received no reply from the Minister for Foreign Affairs regarding the offer, and although I have since had conversations with him and officials of his department, this particular question has not even been approached. There is a possibility that no reply will be forthcoming at all and at present it rather looks as if the manoeuvre had failed, though, procrastinating as the Persians are, I think it is still too early to be quite sure. Assuming, however, that we are to expect no further move from the Persian side, I find it difficult to suggest the best tactics to pursue until I am definitely informed as to the conclusions reached by His Majesty's Government (i) in the question whether Imperial Airways can claim most-favoured-nation rights with the French and Dutch services, and (ii) as to the feasibility of the Arab coast route.

8. I am forwarding a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.
CHARLES DODD.

[E 4552/2982/34]

No. 71.

Mr. Dodd to the Marquess of Reading.—(Received September 4.)

(No. 466.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a note from the Persian Minister for Foreign Affairs, dated the 23rd August, 1931, on the subject of the repayment of Persian debt of £490,000.

Tehran, August 26, 1931.

Enclosure in No. 71.

Persian Minister for Foreign Affairs to His Majesty's Chargé d'Affaires.

(Translation.)

M. le Chargé d'Affaires, *Tehran, Mordad 31, 1310 (August 23, 1931).*

IN the course of the interview which you had yesterday with His Excellency Ghaffar Khan Jelal, you stated that the Treasury of the honourable British Government, before taking a decision in connexion with the proposal made by the Imperial Government in respect of the payment of the sum of 490,000 toman [sic], capital and interest, wishes that explanations may be offered in writing in respect of the following points:—

- On which bank the draft will be drawn for this payment?
- What is the amount of the deposit of the Imperial Government at the said bank?
- What is the period of the deposit and when would it expire?
- What is the rate of interest paid by the bank to the Persian Government (on account of the said deposit)?
- Will the draft which the Imperial Government will issue on the bank for payment of capital and interest at the rate of 7 per cent. be till the expiry of the period of deposit of the money or not?

I now have to give you the following explanations in respect of the points raised above:—

The banks with whom the Persian Government have deposited money and on which they (the Persian Government) can draw cheques are as follows:—

National Provincial Bank of England, with interest of $2\frac{3}{8}$ per cent. and 3 per cent.

Lloyds Bank, with interest of $2\frac{1}{4}$ per cent.

Imperial Bank of Persia, with interest of $2\frac{1}{2}$ per cent.

The amount of the deposit placed in each of the two latter banks is not sufficient to meet the payment of the whole advance, but in the first-mentioned bank money is available for more than the amount required.

The date on which the period of deposit expires would be the end of the present Persian year, namely, on the 20th March, 1932, and, as Aghai Jelal has pointed out verbally to Mr. Lascelles, the proposal of the Persian Government is to the effect that the amounts of the advance should be paid with interest at the rate of 7 per cent. until the day on which the amount available in the bank is transferred to the honourable British Government, and after the date of transfer, the deposited amount, together with the interest payable by the bank to the Persian Government should be paid to the British Government.

The intention of the Imperial Government was to pay these advance moneys immediately, but as it became known that the amounts in cash of the Persian Government are deposited with the banks up to the 20th March next, and that they (the Persian Government) cannot, before the expiry of the period of deposit, secure the transfer of the same, they (the Persian Government) had, with a view to settling this debt, submitted this proposal, which makes actually no difference to the British Government.

It is understood that in case (the British Government) extend their assistance by accepting the proposal, their help (good offices) would be appreciated.

I avail, &c.

FEROUGHII.

[E 4554/151/34]

No. 72.

Mr. Dodd to the Marquess of Reading.—(Received September 4.)

(No. 468. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 17 for the period ending the 26th August, compiled by the military attaché to this Legation.

Tehran, August 26, 1931.

Enclosure in No. 72.

(Secret.)

Intelligence Summary No. 17 for the Period ending August 26, 1931.

1. General.

IT is expected that the Crown Prince, accompanied by the Minister of Court, his Highness Teymourache, will leave Tehran on the 3rd September and proceed to Switzerland, travelling via the Caspian Sea and the U.S.S.R.

2. Foreigners.

His Excellency M. G. Daneo, Italian Minister, died in Tehran on the 18th August. He was a very popular figure, and his funeral was largely attended by all sections of the community.

[6751]

H 4

3. *The Majlis.*

Two treaties of friendship, commerce and navigation were ratified, that of the 8th May, 1930, with Norway, and that of the 9th January, 1931, with Greece.

The allotment of the surplus revenues for the year ending March 1931 was the subject of some discussion. The sum of 437,555 tomans was finally appropriated for various Government expenditures, including 150,000 tomans for improvements of towns and further building construction, and 29,000 tomans for extension of telegraph lines.

4. *Military.*

It was recently reported that the Kerman column, having completed a tour in the vicinity of Shibkuh ports for the purpose of disarming tribesmen, had returned to Kerman. It appears, however, that the troops halted for about one month at Khushnabad, on the boundary of Kerman and Fars, and then moved back to Lar.

5. *Quarantine.*

Six days' quarantine for cholera is in force at Kasr-i-Shirin on the Perso-Iraq frontier since the 14th August. Air mail passengers are examined at Kermanshah. These precautions are taken as an outbreak of cholera has occurred in Basrah.

6. *Communications.*

Railways.—Sanction has been accorded for the engagement of sixty-seven engineers and technical staff for railway construction in Persia at an annual cost to the State not to exceed 440,000 tomans.

7. *The Press.*

The "Ettela-At," dated Tehran, the 2nd August, publishes an article regarding the negotiations in connexion with an extension of Junkers air service in Persia. This follows the lines of the usual unofficial communiqué published under official instructions in the local press. In this case the Junkers Company are warned that the Government considers that the company have not fulfilled their contract, particularly on the point of their failure to establish an aviation school in Tehran.

The semi-official newspaper "Iran" on the 21st August replies at length to an article in the "Near East" regarding the Trade Monopoly Act. The "Iran" refutes the statement in the "Near East" that this Act has been introduced for a short period only and again attempts to prove that this law in no way contravenes the Anglo-Persian Tariff Autonomy Treaty.

In its issue of the 10th August the "Iran" once more, in its usual strain, returns to the question of Bahrein and the predominance of British influence in the Persian Gulf.

8. *Perso-Iraqi Relations.*

The commission which was appointed to settle minor incidents which have recently occurred on the Perso-Iraq frontier met at Fakeh and Busaitin during the month of July. The Persian authority stated that the tribes on their frontier had been disarmed and asked that the same should be done on the Iraq side of the border. A list of property stolen from Persian limits and the names of the raiders who had fled to Iraq was presented with a request for compensation and the return of the refugees. The Iraq representative claimed money due from Persian subjects to certain Iraqis and was told that suits for recovery should be filed in the Persian courts. The conference did not end satisfactorily, and negotiations are to be reopened in about three months' time. The time chosen was not conducive to thorough investigation, camping in the desert in the middle of July being far from pleasant.

9. *Kermanshah.*

The Jaf are still unable to enter Persia for their summer grazing on account of the high taxes imposed this year by the Persian authorities. Certain leaders, who own property in Persia, are endeavouring to make private

arrangements with the Government officials. The Persian Minister in Bagdad has addressed a note to the Iraq Minister for Foreign Affairs accusing Iraq Government officials of inciting the Jaf against the Persian Government. It is even suggested by Persian authorities that the Iraq Government should disarm this tribe, regard them as rebels, and treat them accordingly.

10. *Azerbaijan.*

During the fighting in the vicinity of Kara Aineh on the 25th July, when Colonel Kalb Ali was killed, as previously reported, the Kurds lost three or four important leaders, including Ibrahim Agha and his brother, whose bodies were publicly exhibited. The tribesmen have recently avoided large concentrations and now harass the Persian force in small bands. It is reported that the rebel Kurds demand from the Persian Government the grant of forty villages in the Maku district and the return of their families, who have been forcibly transferred from the frontier areas. During the last week of July, strong reinforcements were sent to Maku from Tabriz, presumably with the intention of settling this question before the winter.

PERCY C. R. DODD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, August 26, 1931.

[E 4362/841/34]

No. 73.

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 512. Secret.)

Foreign Office, September 7, 1931.

Sir,

I TRANSMIT to you the accompanying copy of the minutes of a meeting of the Middle East Sub-Committee held on the 18th August to consider the position at Henjam.⁽¹⁾

2. In considering the desirability of an early transfer of the naval station to Bahrein, the meeting was greatly influenced by the opinion expressed by Sir R. Clive in paragraph 5 of his despatch No. 343 of the 28th June, to the effect that the Persian Government are unlikely to force an issue over the question of Henjam. The view was taken by the representatives of some Departments at the meeting that, if it is the fact that the Persian Government will never force an issue at Henjam, it is unnecessary, unless and until Sir R. Clive's opinion is shown by future developments to have been over-optimistic, to proceed with the removal of the British Naval Depot from Persian territory.

3. While I do not desire to question the considered opinion of Sir R. Clive, I feel that the unlikelihood of the Persian Government openly demanding the withdrawal of the British Naval Depot from Henjam, and referring the matter to the League of Nations, is not a factor in the situation of vital importance in connexion with the immediate issue under discussion by the meeting. The Persian Government appear to have little need to have recourse to such drastic and offensive methods, when they can at any time, if they so desire, bring about the withdrawal of the British Naval Depot by other and less militant means, e.g., by introducing and enforcing restrictive regulations, and thereby making the position so difficult for the British naval authorities concerned that they will have no alternative but to leave Henjam and make arrangements elsewhere. The position of His Majesty's Government at Henjam appears, indeed, so weak that it would be impossible to maintain it in the face of a serious Persian attempt to bring about the withdrawal of the British depot.

4. The main question for immediate consideration is whether or not there remains any hope of regularising the position by agreement with the present or any future Persian Government, or of any future Persian Parliament being willing to ratify it. The negotiations for a general treaty are at present theoretically only suspended, but I am not aware of any circumstance which renders it likely that, if and when negotiations are resumed, the Persian Government will in future be more amenable with regard to the desiderata of His Majesty's Government as embodied in the draft Henjam protocol. On the contrary, in view of the

⁽¹⁾ Not printed.

impending arrival in the Gulf of the new Persian navy, possibly in the course of the next few months, there is every likelihood that the distaste with which the Persian Government view the unauthorised and irregular use by the war vessels of a foreign Power of the best anchorage in Persian waters will increase to such an extent as to render a crisis inevitable.

5. If, therefore, on the one hand there is little or no prospect of ever regularising the position at Henjam by agreement with Persia, and if, on the other, it is only a question of time, and possibly only of months, before the Persian Government oblige His Majesty's Government to withdraw from Henjam, it appears most desirable that the withdrawal shall take place as soon as possible, and not under pressure from the Persian Government.

6. In these circumstances I shall be glad to receive at an early date your observations on the whole question and more especially on the point whether the moment has now come when His Majesty's Government should regard as a matter of urgency the transfer to Bahrein of the naval station at Henjam with the least possible delay.

I am, &c.
READING.

[E 4615/328/34]

No. 74.

Mr. Dodd to the Marquess of Reading.—(Received September 8.)

(No. 199.)

(Telegraphic.) P.

Tehran, September 7, 1931.

MY despatch of the 25th August, No. 461.

French representative here has quite recently received information from Soviet Ambassador that agreement with Persia had been arrived at on following lines, although Russo-Persian treaty might not be actually signed yet awhile:—

- (a) Yearly balance of trade.
- (b) Russians need not export before they import.
- (c) Russians need not sell their exchange to Persian Government.
- (d) Russians guaranteed about 50 per cent. of Persian imports, including all sugar.

Soviet Ambassador's view is that His Majesty's Government could not give the same guarantees as Soviet Government and therefore would be unable to claim similar treatment.

Minister for Foreign Affairs at interview this morning did not deny that these were the basic terms of the treaty except that Russians were being guaranteed no more than their imports of recent years.

I told his Highness that his letter of the 20th August was more calculated to arouse our suspicions than to allay our fears, and that I must warn him that we could not accept as an excuse for refusing us the concessions which were being made to Russians the plea that Russo-Persian trading conditions were of a peculiar nature, particularly when those concessions could in practice be made to British interests. I realised it was open to Persian Government to sign an agreement with Soviet Government on such terms; that His Majesty's Government might not be able to claim identical treatment in every particular; but was the Persian Government justified in eternally considering Russian point of view and never that of His Majesty's Government? Had the Persian Government refused certain Russian demands because similar concessions could not be made to His Majesty's Government?

His Highness hoped that Persian Government might count on sympathy of His Majesty's Government in its desperate efforts to shake off Russian stranglehold. I said it was one thing to ask His Majesty's Government for sympathy and assistance, but quite another to assert rights which Persia did not, in fact, possess under treaty position. Moreover, on the Persian side the striking lack of consideration towards British interests, as, for example, in the matter of Persian Government orders, was hardly calculated to foster such sympathy. Discussion on the legal aspect of trade monopoly followed, which afforded opportunity of expressing views contained in your despatch No. 493.

Minister for Foreign Affairs concluded by promising to give me a copy of the treaty when it had been signed. He was full of vague assurances, and stated his conviction that all our claims as regards equality of treatment would be satisfied. In spite of this, I have the impression that there was entire justification for the apprehensions which I set forth in my despatch No. 461.

[E 4623/4623/34]

No. 75.

Mr. Harvey to the Marquess of Reading.—(Received September 9.)

(No. 426.)

My Lord,

Athens, August 28, 1931.

I HAVE the honour to transmit herewith to your Lordship a copy of the "Official Greek Gazette," No. 256 of the 5th August, containing the texts of the Treaties of Friendship and Commerce and Navigation which were concluded in London in January last between Greece and Persia.

I have, &c.

OLIVER HARVEY.

Enclosure in No. 75.

Extract from "Official Greek Gazette," of August 5, 1931.

TRAITÉ D'AMITIÉ ENTRE LA GRÈCE ET LA PERSE.

LE Président de la République hellénique et Sa Majesté impériale le Schah de Perse,

Egalement animés du désir de consolider les rapports d'amitié traditionnels entre les deux États,

Ont résolu de conclure un Traité d'Amitié, et ont nommé à cet effet pour leurs plénipotentiaires, savoir :

Le Président de la République hellénique :

Son Excellence M. D. Caclamanos, Envoyé extraordinaire et Ministre plénipotentiaire de la République hellénique à Londres;

Sa Majesté impériale le Schah de Perse :

Son Excellence Mirza Husséin Khan Ala, son Ministre plénipotentiaire à Paris;

Lesquels, après s'être communiqué leurs pleins pouvoirs, reconnus en bonne et due forme, ont convenu des dispositions suivantes :

ARTICLE 1^{er}.

Il y aura paix inviolable et amitié sincère et perpétuelle entre la Grèce et la Perse, ainsi qu'entre les ressortissants des deux États.

ARTICLE 2.

Les deux hautes parties contractantes sont d'accord pour établir leurs relations diplomatiques sur la base du droit commun international.

Elles conviennent que les représentants diplomatiques et consulaires de chacune d'elles recevront sur le territoire de l'autre, à charge de réciprocité, le traitement consacré par le droit commun international, traitement qui ne pourra être moins favorable que celui accordé aux représentants diplomatiques et consulaires de la nation la plus favorisée.

ARTICLE 3.

Chacune des hautes parties contractantes aura la faculté de nommer ses représentants consulaires sur le territoire de l'autre, qui résideront, soit dans la capitale, soit dans les principales villes où de pareils agents étrangers sont

généralement admis à résider. Ils ne pourront pas exercer leurs fonctions avant d'avoir régulièrement reçu l'exequatur, conformément aux règles admises par le droit international. Cet exequatur peut être retiré, à tout moment, par le Gouvernement qui l'aurait accordé, sans que ce dernier ait à justifier ses motifs, ni à subordonner sa décision à l'agrément du Gouvernement de nomination.

ARTICLE 4.

Les Etats contractants sont d'accord pour régler les relations consulaires, commerciales, douanières et de navigation entre leur pays ainsi que les conditions de la résidence et du séjour des ressortissants de chacun d'eux sur le territoire de l'autre, par des conventions conformes aux principes et à la pratique du droit commun international et sur la base d'une parfaite réciprocité.

ARTICLE 5.

Les Etats contractants conviennent de soumettre à l'arbitrage tous les différends qui surgiraient entre eux à propos de l'application ou de l'interprétation des prescriptions de tous traités et conventions conclus ou à conclure, y compris le présent traité, et qui n'auraient pu être réglés à l'amiable dans un délai raisonnable par les procédés diplomatiques ordinaires.

Cette disposition s'appliquera également, en cas de besoin, à la question préalable de savoir si le différend se rapporte à l'interprétation desdits traités et conventions.

La décision du tribunal arbitral obligera les parties.

Pour chaque litige le tribunal arbitral sera formé sur la demande d'un des Etats contractants, et de la façon suivante : dans le délai de trois mois à dater du dépôt de la demande, chaque Etat désignera son arbitre, qui pourra également être choisi parmi les ressortissants d'un Etat tiers. Si les deux Etats ne s'entendent pas, dans les trois mois à dater du dépôt de la demande, sur le délai dans lequel les deux arbitres devront avoir rendu leur décision, ou si les deux arbitres ne parviennent pas à régler le litige dans le délai à eux imparti, les deux Etats choisiront pour tiers arbitre un ressortissant d'un Etat tiers. Si les Etats ne tombent pas d'accord sur le choix du tiers arbitre dans le délai des deux mois à dater du jour où aura été formulée la demande de la nomination d'un tiers arbitre, ils prieront en commun ou, faute d'avoir introduit cette requête commune dans un nouveau délai de deux mois, le plus diligent d'entre eux priera le président de la Cour permanente de Justice internationale de La Haye de nommer ce tiers arbitre parmi les ressortissants des Etats tiers. Du commun accord des parties, il pourra lui être remis une liste des Etats tiers auxquels son choix devra se restreindre. Elles se réservent de s'entendre à l'avance pour une période déterminée sur la personne du tiers arbitre.

La procédure que les deux arbitres auront à observer, si elle n'a pas été réglée dans un compromis spécial entre les deux Etats et conclu au plus tard lors de la désignation des arbitres, sera réglée par les arbitres mêmes.

Au cas où il aurait fallu procéder à la désignation d'un tiers arbitre et à défaut d'un compromis entre les deux Etats contractants ayant déterminé la procédure à suivre à partir de cette désignation, le tiers arbitre se joindra aux deux premiers arbitres, et le tribunal arbitral, ainsi formé, déterminera sa procédure et réglera le différend. Toutes les décisions du tribunal arbitral seront rendues à la majorité.

ARTICLE 6.

Le présent traité sera ratifié et l'échange des ratifications aura lieu le plus tôt que faire se pourra. Il entrera en vigueur avec l'échange des ratifications.

En foi de quoi les plénipotentiaires respectifs, dûment autorisés à cet effet, ont signé le présent traité et y ont apposé leurs sceaux.

Fait à Londres, le 9 janvier 1931.

D. CACLAMANOS.
HUSSEIN ALA.

Protocole final.

Au moment de procéder à la signature du Traité d'Amitié conclu aujourd'hui entre la République hellénique et l'Empire de Perse, les plénipotentiaires soussignés ont fait la déclaration suivante, qui constituera partie intégrante du traité même :

Les deux Etats contractants se réservent le droit de réexaminer ou de dénoncer les dispositions de l'article 5 du Traité d'Amitié à partir du moment où dix ans se seront écoulés depuis l'échange des ratifications dudit traité.

D. CACLAMANOS.
HUSSEIN ALA.

Londres, le 9 janvier 1931.

Convention d'Etablissement, de Commerce et de Navigation entre la Grèce et la Perse.

Le Président de la République hellénique et Sa Majesté impériale le Schah de Perse,

Egalement animés du désir de régler les conditions de voyage, séjour et résidence des ressortissants grecs en Perse et des ressortissants persans en Grèce, ainsi que de développer l'activité économique et les relations commerciales entre les deux pays,

Ont résolu, conformément à l'article 4 du Traité d'Amitié entre les deux pays en date de ce jour, de conclure une Convention d'Etablissement et de Commerce, et ont désigné à cet effet pour leurs plénipotentiaires, savoir :

Le Président de la République hellénique :

Son Excellence M. D. CACLAMANOS, Envoyé extraordinaire et Ministre plénipotentiaire de la République hellénique à Londres ;

Sa Majesté impériale le Schah de Perse :

Son Excellence Mirza Husséin Khan Ala, son Ministre plénipotentiaire à Paris ;

Lesquels, après s'être communiqué leurs pleins pouvoirs, reconnus en bonne et due forme, ont convenu des dispositions suivantes :

ARTICLE I^{er}.

Les ressortissants de chacune des hautes parties contractantes pourront entrer, voyager, séjourner et résider sur le territoire de l'autre partie, ainsi que le quitter librement, à condition et aussi longtemps qu'ils se conformeront aux lois et règlements en vigueur sur ledit territoire. Ils y jouiront, sous le même condition, de la plus constante protection des lois et autorités du pays pour leurs personnes, biens, droits et intérêts et seront traités à cet égard conformément aux principes et usages du droit commun international, et en aucun cas plus défavorablement que les ressortissants de la nation la plus favorisée.

Il est, toutefois, entendu que les dispositions ci-dessus ne restreignent en rien le droit de chacune des deux Etats contractants d'interdire, soit dans l'intérêt de la sûreté intérieure ou extérieure de l'Etat ou de l'ordre public, soit pour des raisons d'assistance publique, de police sanitaire ou de mœurs, l'entrée ou le séjour dans le pays. De même elles ne portent pas atteinte au droit de chacune des hautes parties contractantes de promulguer des lois ou règlements pour interdire ou régler l'immigration sur son territoire, pourvu qu'ils ne constituent pas une mesure de discrimination particulièrement dirigée contre tous les ressortissants de l'autre haute partie contractante.

Le présent article ne touche ni aux dispositions d'ordre général qui ont été ou seront édictées par l'une ou l'autre des hautes parties contractantes, quant aux conditions selon lesquelles les ouvriers étrangers pourront être admis à y exercer un métier, ni aux règles relatives aux passeports.

ARTICLE 2.

Les ressortissants de chacune des hautes parties contractantes auront, en se conformant aux lois et règlements du pays, le droit d'exercer, sur le territoire de l'autre, à l'égal des nationaux, toute espèce de commerce, d'industrie, de métier et de profession dont l'exercice n'est pas ou ne sera réservé exclusivement aux nationaux ou qui ne font pas ou ne feront pas l'objet d'un monopole de l'Etat ou concédé par l'Etat.

ARTICLE 3.

Les ressortissants de chacune des hautes parties contractantes auront, sur le territoire de l'autre, en se conformant aux lois et règlements en vigueur, le droit d'acquérir, posséder et aliéner des biens mobiliers que lesdits lois et règlements permettent ou permettront aux ressortissants d'un autre pays étranger d'acquérir, de posséder et d'aliéner. Ils auront aussi, sous la même condition, le droit de disposer desdits biens ainsi que de les exporter.

En ce qui concerne les biens immeubles, les ressortissants de chacune des hautes parties contractantes seront traités, sur le territoire de l'autre partie, comme les ressortissants de la nation la plus favorisée, toutefois sous cette réserve que les ressortissants grecs en Perse ne sont et ne seront autorisés à acquérir, posséder ou occuper que les immeubles nécessaires à leur habitation et les magasins et locaux nécessaires à leur profession.

ARTICLE 4.

Les ressortissants de chacun des Etats contractants jouiront, à tous égards, sur le territoire de l'autre Etat, aussi bien pour leurs personnes que pour leurs biens, droits et intérêts, en ce qui concerne les impôts et taxes de toutes sortes, ainsi que toutes autres charges de caractère fiscal, auprès des autorités et des tribunaux de finances, du même traitement et de la même protection que les nationaux.

ARTICLE 5.

Les ressortissants de chacun des Etats contractants jouiront, sur le territoire de l'autre Etat, en tout ce qui concerne la protection de leurs personnes et de leurs biens par les tribunaux et les autorités judiciaires, de même traitement que les nationaux.

Ils auront notamment libre accès, sans entrave aucune, aux tribunaux et pourront ester en justice dans les mêmes conditions que les nationaux. Toutefois, jusqu'à la conclusion d'un accord spécial, les conditions concernant l'assistance judiciaire aux pauvres et le *judicatum solvi* seront réglées par la législation du pays.

Il est, cependant, entendu que dans les matières relatives au statut personnel, les ressortissants de chacun des Etats contractants sur le territoire de l'autre Etat seront soumis aux prescriptions de leurs lois nationales. Il ne pourra être dérogé à l'application de ces lois par cet autre Etat contractant qu'à titre exceptionnel et pour autant qu'une telle dérogation y est généralement pratiquée à l'égard de tout autre Etat étranger.

Le statut personnel comprend les matières suivantes : le mariage, le régime des biens entre époux, le divorce, la séparation de corps, la dot, la paternité, la filiation, l'adoption, la capacité juridique, la majorité, la tutelle et la curatelle, l'interdiction, le droit de succession testamentaire ou *ab intestat*, les liquidations et les partages de successions ou de patrimoines et en général toutes les questions relatives au droit de famille, y compris toutes les questions concernant l'Etat des personnes.

ARTICLE 6.

Les sociétés anonymes ou autres ayant un caractère commercial et un but lucratif, qui ont leur siège social sur le territoire de l'un des Etats contractants, y ont été légalement constituées, y sont reconnues comme jouissant de la nationalité de cet Etat, verront reconnues, sur le territoire de l'autre, leur existence juridique et leur capacité et elles y auront le droit d'ester en justice, soit pour intenter une action, soit pour se défendre. Leur admission à exercer une activité commerciale ou industrielle sur ce dernier territoire se règle par les lois et les prescriptions

qui y sont en vigueur. Elles y jouiront, à tous égards, soit en ce qui concerne le droit de se livrer à leurs opérations, dans la limite de leur capacité et des conditions auxquelles ce droit est soumis, et le droit d'acquérir, de posséder, de louer et d'occuper des biens mobiliers ou immobiliers et d'en disposer, soit relativement aux impôts, taxes, &c., mentionnés à l'article 4, du même traitement que les sociétés de même nature de la nation la plus favorisée.

Il est entendu qu'aucune des dispositions de la présente convention ne peut autoriser à réclamer les privilèges spéciaux accordés en Perse à des sociétés dont les conditions d'activité y sont réglées par des concessions spéciales.

D'autre part, les sociétés de l'une des hautes parties contractantes dont les conditions d'activité sur le territoire de l'autre sont réglées par des concessions spéciales n'auront pas le droit, pour les points prévus par l'acte de concession, de réclamer des avantages accordés en vertu des traités et conventions en vigueur ou découlant du régime de la nation la plus favorisée.

ARTICLE 7.

Les ressortissants de chacune des hautes parties contractantes seront, en temps de paix et de guerre sur le territoire de l'autre haute partie, exempts de toute obligation de travail pour l'Etat, sauf dans le cas d'une défense contre une calamité naturelle. Ils seront aussi exempts de tout service militaire obligatoire, soit dans l'armée de terre, navale et aérienne, soit dans la garde nationale ou la milice, de même que de toute taxe imposée au lieu et place du service personnel.

En ce qui concerne les réquisitions militaires sur leurs biens meubles et immeubles et toutes réquisitions ou prestations autres que militaires, ainsi qu'en matière d'expropriation pour cause d'utilité publique ou d'intérêt général, les ressortissants de chacune des hautes parties contractantes ne seront pas traités moins favorablement, sur le territoire de l'autre partie, que les ressortissants de la nation la plus favorisée. Ils recevront, dans ce cas, une indemnité équitable conformément aux dispositions prévues par les lois du pays réglant les modalités de pareille indemnisation.

Les dispositions du présent article seront également applicables aux biens des sociétés mentionnées à l'article 6.

ARTICLE 8.

Les produits naturels et les produits industriels d'une des hautes parties contractantes, à leur exportation à destination de l'autre partie, ne seront soumis à aucun droit de douane ni imposition quelconque de sortie autres ou plus élevés que les droits de douane et impositions de sortie qui sont ou seront prélevés à l'exportation des produits similaires exportés à destination du pays jouissant, à cet égard, du traitement de la nation la plus favorisée.

De même, les produits naturels et les produits industriels de l'une des hautes parties contractantes importés dans le territoire de l'autre partie ne seront, à leur entrée dans ce dernier, soumis à aucun droit de douanes, coefficient, surtaxe ou imposition d'entrée d'une nature quelconque, autres ou plus élevés que ceux qui frappent ou frapperont les produits similaires de la nation, à cet égard, la plus favorisée.

ARTICLE 9.

Les produits de l'une des parties contractantes régulièrement introduits sur le territoire de l'autre partie et ayant dûment acquitté, à leur importation, les droits et taxes ou autres impositions d'entrée prescrits par les lois et règlements de cette dernière partie pour les importations similaires étrangères, ne seront, sous aucun rapport, soumis ensuite à un traitement plus défavorable que celui auquel seront soumis les produits naturels ou fabriqués similaires d'un tiers pays quelconque.

ARTICLE 10.

Pour toute modalité relative à la perception des droits de douane et taxes ainsi que pour la caution et pour toute autre formalité d'importation et d'exportation, pour des drawbacks des marchandises, pour leur traitement dans les entrepôts, pour les modes de vérification et d'analyses des marchandises, et pour l'interprétation des tarifs, chacune des parties contractantes s'engage à faire bénéficier l'autre partie du traitement accordé à la nation la plus favorisée.

ARTICLE 11.

Pour assurer aux produits naturels ou fabriqués de l'une des hautes parties contractantes le bénéfice des dispositions de la présente convention, les autorités douanières de l'autre partie pourront exiger que ces marchandises soient accompagnées, à leur importation sur son territoire, de certificats d'origine. Ces certificats seront délivrés par les autorités douanières ou par les autres organes compétents du pays expéditeur. Les parties contractantes se communiqueront la liste de ces organes et les modifications qui viendraient à être apportées à cette liste. Si ces certificats d'origine ne sont pas délivrés par une autorité douanière, le Gouvernement du pays de destination pourra exiger qu'ils soient certifiés par les autorités douanières du pays d'expédition de la marchandise.

Les certificats d'origine pourront être rédigés aussi bien dans la langue du pays de destination que dans celle du pays d'exportation; dans ce dernier cas, les bureaux de douanes du pays de destination pourront exiger une traduction en langue française.

Les marchandises importées de l'étranger dans l'un des deux pays et qui y auraient ensuite subi ou bien une transformation, ou bien un complément d'ordre industriel, seront considérées comme produits de ce pays.

ARTICLE 12.

Les parties contractantes n'entraveront l'échange des marchandises entre leurs pays par aucune prohibition ou restriction visant l'importation ou l'exportation réciproque de leurs marchandises à l'exception des catégories suivantes de prohibitions ou de restrictions, pour autant qu'elles ne seront pas appliquées de manière à constituer un moyen de discrimination arbitraire ou de restriction déguisée à leur égard :

1. Prohibitions ou restrictions relatives à la sécurité publique.
2. Prohibitions ou restrictions édictées pour des raisons morales ou humanitaires.
3. Prohibitions ou restrictions concernant le trafic des armes, des munitions et de matériels de guerre ou, dans des circonstances exceptionnelles, de tous autres approvisionnements de guerre.
4. Prohibitions ou restrictions édictées en vue de protéger la santé publique ou d'assurer la protection des animaux ou des plantes contre les maladies, les insectes et les parasites nuisibles.
5. Prohibitions ou restrictions à l'exportation ayant pour but la protection du patrimoine national artistique, historique ou archéologique.
6. Prohibitions ou restrictions applicables à l'or, à l'argent, aux espèces, au papier-monnaie et aux titres.
7. Prohibitions ou restrictions ayant pour but d'étendre aux produits étrangers le régime établi à l'intérieur du pays en ce qui concerne la production, le commerce, le transport et la consommation des produits nationaux similaires.
8. Prohibitions ou restrictions appliquées à des produits qui font ou feront à l'intérieur du pays, en ce qui concerne la production ou le commerce, l'objet de monopoles d'Etat ou de monopoles exercés sous le contrôle de l'Etat.
9. Prohibitions ou restrictions pour sauvegarder dans des circonstances extraordinaires et anormales les intérêts vitaux du pays. Si des mesures de cette dernière nature sont prises, elles devront être appliquées de telle manière qu'il n'en résulte aucune discrimination arbitraire au détriment de l'autre partie contractante. Leur durée devra être limitée à la durée des motifs ou des circonstances qui les ont fait naître.

ARTICLE 13.

Les parties contractantes s'accordent réciproquement la liberté du transit des personnes, bagages, marchandises de toute nature et envois de toute sorte par leurs territoires.

Des exceptions pourront avoir lieu dans les cas ci-après énumérés, pour autant qu'elles soient applicables à tous les pays ou aux pays se trouvant dans des conditions similaires :

- (a) Pour raison de sûreté publique;
- (b) Pour raison de police sanitaire ou en vue d'assurer la protection des animaux ou des plantes contre les maladies et les parasites;

(c) Pour le trafic des armes, des munitions et des matériels de guerre et, dans des circonstances exceptionnelles, de tous autres approvisionnements de guerre.

Les parties contractantes s'engagent à ne pas percevoir de taxes sur le transit. Toutefois, pourront être perçues sur le transport en transit des taxes exclusivement affectées à couvrir les dépenses de contrôle et d'administration qu'imposerait ce transit.

Les dispositions du présent article sont applicables aussi bien aux marchandises qui transitent directement qu'aux marchandises qui sont transbordées, emballées de nouveau ou mise en dépôt pendant le transit. En sus des taxes et droits appliqués à l'entreposage des marchandises et destinés à couvrir les dépenses de surveillance et d'administration, pourront être perçues de ces marchandises les taxes fiscales afférentes aux transactions dont les marchandises pourraient être l'objet au cours de leur entreposage ou de leur transit.

Les dispositions du présent article ne sauraient faire obstacle à la perception des taxes qui ne sont pas interdites par la Convention et le Statut de Barcelone sur la liberté du transit, en date du 20 avril 1921.

ARTICLE 14.

Les dispositions de la présente convention, en ce qui concerne la clause de la nation la plus favorisée, ne s'étendront pas aux faveurs spéciales que l'une des parties contractantes accorde ou accordera aux Etats limitrophes en vue de faciliter le trafic frontalier sur une certaine bande de territoire de part et d'autre de la frontière.

Elles ne pourront non plus être invoquées par l'un des deux Etats contractants pour réclamer le bénéfice du traitement appliqué au point de vue fiscal, en vue d'éviter la double imposition, dans les rapports de l'autre Etat contractant avec un Etat tiers, en vertu d'une convention spéciale ayant pour objet la répartition du droit d'imposition en ce concerne les matières imposables.

ARTICLE 15.

Les Gouvernements respectifs de chacun des Etats contractants s'engagent à ne naturaliser aucun ressortissant de l'autre sans l'assentiment préalable de son Gouvernement.

ARTICLE 16.

Les navires marchands grecs et leurs cargaisons seront traités en Perse, et les navires marchands persans et leurs cargaisons en Grèce, de la même façon que les navires marchands nationaux et leurs cargaisons, et en aucun cas plus défavorablement que les navires marchands et les cargaisons d'un autre pays quelconque. Aucun droit de tonnage, de transit, de canal, de port, de pilotage, de phare, de quarantaine ou autres droits ou charges similaires ou analogues de quelque dénomination que ce soit, levés au nom ou au profit du Gouvernement, de fonctionnaires publics, de particuliers, de corporations ou d'établissements quelconque ne seront imposés dans les eaux territoriales de l'un des deux pays aux navires marchands de l'autre sans qu'ils soient également imposés, sous les mêmes conditions, aux navires marchands nationaux. Cette égalité de traitement sera appliquée réciproquement aux navires respectifs, de quelque endroit qu'ils arrivent et quel que soit le lieu de destination.

Ces dispositions ne sont pas applicables au mode spécial de traitement que l'une des parties contractante accorde aux bateaux de pêche, non plus qu'à l'importation sur son territoire des poissons pris par les équipages des navires nationaux.

Elles ne sont pas non plus applicables au cabotage, dont le règlement reste réservé à la législation de chaque pays.

Toutefois, en ce qui concerne le cabotage, chacune des parties contractantes a pour ses navires droit à toutes les faveurs et à tous les privilèges que l'autre partie a accordés ou accordera sous ce rapport à un pays tiers, à condition qu'elle accorde sur son territoire aux navires de l'autre partie les mêmes faveurs et privilèges.

ARTICLE 17.

En cas de naufrage, avaries en mer ou relâche forcée, chacune des parties contractantes devra donner aux navires marchands de l'autre, qu'ils

appartiennent à l'Etat ou à des particuliers, la même assistance et protection et les mêmes faveurs que celles qui seront accordées en pareils cas aux navires marchands nationaux. Les articles sauvés de ces vaisseaux naufragés ou avariés seront exempts de tous droits de douane, pour autant qu'ils se trouvent sous la surveillance des autorités douanières ou des autres autorités locales compétentes.

Les autorités locales devront, dès que faire se pourra, informer du naufrage ou des navires le plus proche consul de l'Etat du pavillon. Les consuls des parties contractantes sont autorisés à prêter l'assistance nécessaire à leurs nationaux.

ARTICLE 18.

La présente convention sera ratifiée et l'échange des instruments de ratification aura lieu le plus tôt que faire se pourra.

La convention entrera en vigueur un mois après l'échange des ratifications et restera en vigueur pendant cinq ans. Si elle n'est pas dénoncée six mois avant l'expiration de cette période, elle sera considérée comme prolongée tacitement et pour durée indéterminée.

Elle pourra dès lors être dénoncée à tout moment par l'une ou l'autre partie contractante et elle cessera ses effets lorsque six mois se seront écoulés à dater de cette dénonciation.

En foi de quoi les plénipotentiaires respectifs, dûment autorisés à cet effet, ont signé la présente convention et y ont apposé leurs sceaux.

Fait à Londres, le 9 janvier 1931.

D. CACLAMANOS.
HUSSEIN ALA.

Protocole final.

Au moment de procéder à la signature de la Convention d'Etablissement, de Commerce et de Navigation conclue aujourd'hui entre la République hellénique et l'Empire de Perse, les plénipotentiaires soussignés ont fait la déclaration suivante, qui constituera partie intégrante de la convention même.

Ad Article 7.

Il reste entendu que la clause de la nation la plus favorisée en matière d'expropriation, visée à l'article 7, ne s'étend pas au régime spécial, stipulé entre la Grèce et la Turquie en exécution de la Convention de Lausanne de 1923 relative à l'établissement et à la compétence judiciaire, ni au régime stipulé par les arrangements conclus entre la Grèce et certaines Puissances relatifs au rachat par le Gouvernement hellénique de propriétés rurales appartenant à leurs ressortissants.

Ad Article 12.

(a) Les engagements pris par les deux parties contractantes ne se réfèrent pas aux prohibitions ou restrictions d'importation ou d'exportation autres que celles autorisées par l'article 12, en vigueur dans chacun des deux Etats au moment de la signature de la présente convention et qu'il aura notifiées à l'autre dans le délai de deux mois.

(b) Dans le cas où l'une des parties contractantes, se basant sur les exceptions prévues dans l'article 12, appliquerait ou mettrait en vigueur des prohibitions ou restrictions nouvelles et de nature à porter sérieusement atteinte au commerce de l'autre partie, cette autre partie pourra, dans le délai d'un an à partir de cette application ou mise en vigueur, dénoncer la présente convention. Dans ce cas, la convention cessera d'être en vigueur six mois après la dénonciation.

D. CACLAMANOS.
HUSSEIN ALA.

Londres, le 9 janvier 1931.

[E 4687/2982/34]

No. 76.

Mr. Dodd to the Marquess of Reading.—(Received September 15.)

(No. 473.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a note from the Persian Government, dated the 27th August, 1931, respecting the Persian pre-war debt to His Majesty's Government.

Tehran, August 29, 1931.

Enclosure in No. 76.

Note from the English Department of the Persian Ministry for Foreign Affairs.

(Translation.)

M. le Chargé d'Affaires.

August 27, 1931.

IN continuation of note of the 31st Mordad last (23rd August, 1931), regarding the payment of the sum of money advanced, I beg to state that for certain reasons connected with current financial affairs, the Ministry of Finance have changed their minds in regard to the idea which they first had, and consider it more suitable to continue paying the interest at 7 per cent. as before to His Majesty's Government; and, for the present, they withdraw the request for assistance (made in asking) for the acceptance of a draft for the sum in question on one of the banks, together with the interest on the sum deposited, until another suitable occasion arises for the repayment of the capital sum.

In bringing the above information to your notice, I avail, &c.

FEROUGHIL.

[E 4709/847/34]

No. 77.

Mr. Dodd to Mr. A. Henderson.—(Received September 16.)

(No. 204.)

(Telegraphic.) R.

Tehran, September 16, 1931.

MY despatch No. 486.

By letter dated 13th September Minister of Finance has notified to Imperial Bank of Persia that "Imperial Bank of Persia shall in the same way as National Bank of Persia be the Government agent for purchase [one group undecypherable: exchange] derived from the country's exports."

No other bank shares this privilege.

Acting manager of Imperial Bank of Persia has thus successfully concluded delicate and tedious negotiations.

[E 4731/2982/34]

No. 78.

Mr. Dodd to the Marquess of Reading.—(Received September 18.)

(No. 477.)

My Lord,

Gulhek, September 7, 1931.

WITH reference to my despatch No. 473 of the 31st ultimo, I have the honour to report that, on the 1st September, I took an opportunity to enquire of the Minister of Finance as to the explanation of the Persian Government's change of mind respecting the proposed repayment of the pre-war debt. A copy of their note conveying this decision (of which a copy was enclosed in my despatch under reference) is enclosed herewith for facility of reference. (1) Taqizadeh seemed at first unable to give me a very coherent account. I observed that His Majesty's Government could not but be surprised that before even I had received instructions as to the reply to be given to the offer of the transfer of fixed bank

(1) Not printed.

deposits in place of cash, itself a modification of the original offer to repay, I should be asked by the Persian Government to inform His Majesty's Government that the offer to repay in any form was withdrawn for the present. Taqizadeh stated that the banks would have charged half per cent. for releasing the deposits and this the Persian Government refused to pay. I pointed out that, even so, it would have been advantageous for the Persian Government, compared with the continued payment of the 7 per cent. interest. This seemed a new idea to Taqizadeh. But he added that His Majesty's Government also had refused to pay the half per cent. to obtain the release of the funds, and had signified this refusal to the Persian Legation in London. He wished me to understand that negotiations on this point had been in progress between your Lordship's Department and the Persian Legation, to whom His Majesty's Government's refusal to accept the bank deposits in repayment had been signified. I could only express my surprise at this statement, and I enquired whether the note from the Minister for Foreign Affairs of the 27th August (see my despatch under reference), did not, in fact, originate with himself, Taqizadeh. He replied in the negative.

2. I was becoming somewhat bewildered, when Taqizadeh uttered his first intelligible sentence. He volunteered the statement that, when His Majesty's Government hesitated to accept the offer the Persian Government themselves began to hesitate, and it had been decided (he did not say by whom; he did not say by himself, although it might be natural to suppose that such a decision might be taken by the Minister of Finance; he implied that the decision was one over which he had had no control), that it was imprudent to reduce the reserves lying in foreign banks and destined to form the basis of the new currency. I enquired when there was any prospect of a renewal of the offer of repayment. Taqizadeh explained that all the deposits in question fell due at the same time at the end of the Persian year, namely, the 20th March next—he had arranged this uniformity. By that time it might be possible to tell whether any of the reserves could be spared, as the transition to the new currency would have been accomplished, and perhaps the offer might be renewed then.

3. I may add that Mirza Kissa Khan Faiz, Persian Government commissary attached to the Anglo-Persian Oil Company, at present in Tehran, in conversation with me a few days ago, claimed to have made the original suggestion for repayment of the £490,000; he said that his object had been to save paying so high a rate of interest. When I told him that the offer had been withdrawn, he seemed astonished, but supposed that the reason was fear of depleting the reserves (as Taqizadeh afterwards explained).

4. It is not without interest to note in this connexion that the Anglo-Persian Oil Company's monthly sales of sterling in Persia, the whole of which accrues to the Persian Government, have recently been reduced from £90,000 to £45,000. Such a shrinkage in the supply of foreign currency may well have influenced the Persian Government to husband existing funds.

5. Since my interview with Taqizadeh on the 1st September, I have received your Lordship's despatch No. 465 of the 20th August, enclosing records of two interviews with the Persian Chargé d'Affaires on the 11th and 17th August. This despatch provides an explanation of his Excellency's statement that the Persian Chargé d'Affaires had been informed that the proposed method of payment by the transfer of bank deposits would be unacceptable if it involved the acceptance by His Majesty's Government of a reduced rate of interest until the deposits were released. But it does not provide a complete explanation as to why the Persian Government's note of the 23rd August (which was summarised in my telegram No. 192 of the 26th August), should have been followed so shortly afterwards by their note of the 27th August (which was summarised in my telegram No. 194 of the 29th August). A possible explanation is that the nature of the conversation which the Persian Chargé d'Affaires had at the Foreign Office on the 17th August only became known to the Ministry of Finance after the first note had been despatched by the Ministry for Foreign Affairs. But it is more likely, as I have already indicated, that the change of front was dictated by deeper reasons connected with the financial requirements of the Persian Government.

6. I venture to add that it would have been of great assistance to me if the telegram (No. 135 of the 21st August), instructing me to obtain the Persian Government's proposals for the transfer of bank deposits in writing, could have

contained an intimation of the nature of the warning given to the Persian Chargé d'Affaires on the 17th August.

7. A copy of this despatch is being sent to the Foreign Secretary to the Government of India.

I have, &c.

CHARLES DODD.

[E 4741/4741/34]

No. 79.

Mr. Dodd to the Marquess of Reading.—(Received September 18.)

(No. 478.)

My Lord,

Gulhek, September 7, 1931.

IN section No. 203 of the annual report for Persia 1930, Sir Robert Clive mentioned the fact that the Sheikh of Mohammerah was in direct contact with the Persian Government on the subject of his long outstanding affairs. Desultory negotiations have dragged on until now, but at last an agreement has been drawn up between the two parties, which defines the basis of a settlement, and I have the honour to enclose herewith copies in translation of the agreement in question.

2. It will perhaps be remembered that some two years ago the sheikh himself suggested that a solution might be found in an exchange of his Khuzistan properties for properties situated elsewhere in Persia, preferably in the neighbourhood of the Province of Tehran. This suggestion appeared to please both the Shah and Teymourache at the time, but the sheikh, having put it forward, did not actively pursue it; he had wished just to see how such a suggestion would be received and intended to return to it later if he found that there was no possibility of any other solution.

3. The Persian Government, however, appears to have decided from that moment that the real solution of this troublesome question lay in that direction and the negotiations which have just ended in an agreement have been based on the proposal for an exchange.

4. The sheikh is not unduly worried about losing the lands he has never cultivated, but article 4 may cause him some annoyance if he is unable to find the necessary documents of leases accorded in the past to his peasants. He hopes to be able to find them, as most of his documents were safely lodged in a bank at Basra at the time he was arrested in 1925. The word "trees" means, of course, date palms, which are the principal cultivation in Khuzistan and in the cultivation and exploitation of which he and his peasants were associated.

5. Much will depend on the "equitable" valuation and whether the Persian Government is really desirous of giving the sheikh a fair deal; it is possible that both sides are tired of the long quarrel and that the question will be settled in a spirit of give and take.

6. The sheikh, moreover, wishes to feel himself a free man and able to travel about the country without the constant attendance of a police officer and especially he hopes, once this question is settled, to go to Europe for medical treatment.

7. It will be noticed in the preamble that mention is made of differences in accounts between the two parties. The Sheikh made an agreement with the Millspaugh Financial Mission to pay 500,000 tomans for arrears of taxes; 100,000 tomans being paid in cash, and the balance to be paid in instalments over a number of years. Having made the first payment, the sheikh was arrested before any part of the balance fell due and none of it has been paid. At the same time he has personally received no revenues from his properties during the last six years, although small allowances are said to have been made to his family in Khuzistan from these revenues. The Ministry of Finance proposed to insert a clause in the agreement providing for a mutual cancellation of financial claims, but the sheikh, while not turning down the proposal definitely, suggested that it might be left for later negotiation. The Ministry of Finance agreed, though reluctantly, I am told. In the end, there will probably be a mutual cancellation, but the sheikh, who by such a cancellation would be the loser, wishes to keep the question open, as he considers—rightly or wrongly—that it may be a weapon with which to bargain if, when the details of transfer come to be settled, he is not satisfied with the way they have been carried out.

8. This attitude on the part of the sheikh is not unnatural, for if a just balance were to be struck between his outstanding debt of 400,000 tomans and

[6751]

13

the loss either wholly or partly for the last six years of his revenues, a very large part of which is said to have accrued either to the Government or to its officials, it would be found that the sheikh would have considerable claims on the Government.

9. Article 2 of the agreement will, the sheikh opines, confirm his ownership of the land on which the foundations of the new consulate in Ahwaz have been laid. He argues that he has established his right thereto by spending more than 50,000 rupees on the building already. The assessors will possibly accept this contention and in the light of this possibility His Majesty's Government should not lose sight of the question of at least a moral financial obligation to the sheikh in considering the provision of a consular building at Ahwaz (please see Mr. Henderson's despatch No. 425 of the 31st July, 1931).

10. I am sending a copy of this despatch, with its enclosures, to the acting British consul at Ahwaz.

I have, &c.
CHARLES DODD.

Enclosure 1 in No. 79.

Ministry of Finance to Sheikh Khazal Khan.

(Translation.)

Sir,

Murad 21, 1310 (August 13, 1931).

WITH a view to removing the differences existing between the Government and your Excellency in respect of the Crown domains transferred to you and the transferred Crown domains which you have purchased, as well as other properties inherited and bought by you in Khuzistan; and also in order to remove the differences regarding accounts between the Government and yourself, I have to state that the following arrangement, about which agreement has already been reached between you and the Ministry of Finance, has been approved by the Government authorities by virtue of the decision of the Council of Ministers of the 2nd Murdad, 1310 (the 25th July, 1931):—

1. In respect of the landed properties, house and shop properties of which you claim ownership, you are invited to produce in each case the original decrees and documents.
2. The house and shop properties belonging to you which are situated in the towns and villages remain under your own authority.
3. You will have no claim to property on the sea-shore to a depth of 1,000 zars (metres) or on the banks of navigable rivers to a distance of 1 farsakh (4 miles) on each side and the lands within these limits will belong to the Government. Where, however, within these limits you have planted any trees or undertaken any cultivation, such trees and cultivation will, by virtue of clause 6, be valued and carried to your account.
4. Any claims which you may have to properties occupied by the villagers, &c., should be referred to the proper courts. In case judgment is given in your favour, the properties in respect of which you obtain a judgment will be valued and dealt with in accordance with clause 6.
5. As regards the Crown lands transferred to you and also the Crown lands bought by you, those parts of them will be recognised as belonging to you which you have cultivated and made prosperous, each part within its own limits. You will have no claim to lands which you have not cultivated and which lie outside the limits of the cultivated lands.
6. With the exception of properties situated on the sea-shore and on the banks of rivers and excluding the house properties in the towns, all the lands and properties you have inherited and the Crown lands purchased by you or transferred to you will be valued in an equitable manner by assessors, of whom one will be appointed by you, one by the Government and a third assessor will be appointed by both parties. In exchange the Government will transfer to you Crown lands situated in the neighbourhood of Tehran or Kazvin up to the equivalent value of the lands taken over from you. Such properties will be valued in the same manner.

It is requested, therefore, that you signify in writing your agreement to the six clauses mentioned and that you send to the Ministry of Finance the originals of the decrees and documents which you have in your possession for the Ministry's perusal and consideration. You should also introduce your assessor, so that the Government may appoint its assessor and take steps for the appointment of the third assessor, which appointment is to be made to the satisfaction of both parties.

HASSAN TAQIZADEH.

(Seal of Ministry of Finance.)

Enclosure 2 in No. 79.

Sheikh Khazal Khan to the Minister of Finance.

(Translation.)

Sir,

Murad 28, 1310 (August 20, 1931.)

IN reply to your letter of the 21st Murdad, 1310 (the 13th August, 1931), regarding the removal of the differences existing between the Government and myself in respect of the Crown lands transferred to me, the Crown lands purchased by me and the other properties which I have inherited and purchased in Khuzistan, as well as the differences relating to accounts between us, I have to state that I have already signified my agreement to the arrangement proposed, the details of which are set out in the letter under reply. I hereby express my satisfaction in writing with the said arrangement which is outlined below and which has been approved by the Government in its decision of the 2nd Murdad, 1310 (the 25th July, 1931):—

1. With regard to my landed properties and house properties, I am to produce the originals of the decrees and documents in all cases.
2. House properties belonging to me which are situated in the towns and villages are to remain in my possession.
3. I shall have no claim on any property on the sea-shore up to a depth of 1,000 zars and on the banks of navigable rivers to a distance of 1 farsakh on each side and the lands within these limits will belong to the Government. In cases, however, where I have planted trees or made cultivation within these limits, such trees and cultivation, by virtue of clause 6, shall be valued and brought to account.
4. Any claims which I may have to landed properties occupied by the villagers, &c., shall be referred to the proper courts. If judgment is given in my favour, the properties in respect of which judgment is given in my favour will belong to me and will be valued and dealt with in accordance with the stipulations of clause 6.
5. The Crown lands transferred to me or those which I have purchased will consist of those lands which I have cultivated and made prosperous within the ordinary boundaries of each one of them. I shall have no claim to lands which have not been cultivated and which are outside the limits of the cultivated properties.
6. With the exception of properties situated on the sea-shore and on the banks of rivers (as mentioned in clause 3) and excluding landed property (as mentioned in clause 2), all the lands inherited and properties purchased as well as Crown lands purchased and transferred to me shall be valued at an equitable rate by assessors, one of whom is to be appointed by the Government, one by me and a third to be appointed by agreement between the two parties. The Government shall transfer to me for the equivalent of the properties valued, Crown lands situated in the neighbourhood of Tehran and Kazvin which will be valued in like manner.

In order to put this arrangement into execution, I shall introduce my assessor at an early date so that the necessary action may be taken.

KHAZAL JABER.

Mr. Dodd to the Marquess of Reading.—(Received September 18.)

(No. 481.)

My Lord,

Tehran, September 9, 1931.

WITH reference to my despatch No. 463 of the 25th August last, in which I reported the intimation made to the Imperial Bank of Persia that the Persian Government wished them to delay the withdrawal of their note issue once more, I have the honour to inform your Lordship that I now learn on good authority that Teymourache, during his visit to England, proposes to arrange for the creation of a Currency Board in London. If this news is correct, his Highness will have to sacrifice a certain amount of political prejudice to the cause of Persian financial stability.

2. The Minister of Finance told me a few days ago that the nickel coins of the new currency had arrived; that the striking of the silver coins would begin shortly; that the smaller notes were also here and that the larger ones were expected by the end of the year—presumably the Persian year—when they would be put into circulation.

3. Mr. Butters has proposed that the notes of both issues should be in circulation together during a period of some months.

4. A copy of this despatch is being sent to the Government of India and to His Majesty's High Commissioner for Iraq.

I have, &c.

CHARLES DODD.

Mr. Dodd to the Marquess of Reading.—(Received September 18.)

(No. 483.)

My Lord,

Gulhek, September 9, 1931.

WITH reference to my telegram No. 199 of the 7th instant, I have the honour to inform your Lordship that it is generally understood in Tehran that a rough agreement representing the framework of the proposed Russo-Persian Commercial Treaty was initialled here on the 30th August.

2. As reported in my telegram under reference, M. Petrovski informed the French Minister that it had been agreed between the two parties that a yearly balance of trade should be achieved, that the Russians would not be called upon either to sell their exchange to the Government banks or to supply export certificates before being authorised to import their own goods, and that they had been guaranteed "about 50 per cent. of the Persian import trade," including all the sugar. To M. Maugras' enquiry regarding the likely reaction of His Majesty's Government to this arrangement, M. Petrovski replied that he did not see how His Majesty's Government could give similar guarantees (in the matter of the trade balance), and how, therefore, they could lay claim to similar treatment.

3. I thought I had better leave the Minister for Foreign Affairs in no doubt regarding the views which your Lordship might be expected to hold on the subject, and I obtained an interview with his Highness on the 7th September, at which I invited the commercial secretary to be present.

4. I told Feroughi what I had heard on good authority were the broad lines of the new agreement—on which his only comment was that the Russians had been guaranteed no more than their present share of the imports—and proceeded to warn his Highness in emphatic language that His Majesty's Government would not tolerate the refusal to British interests of concessions made to the Russians merely on the plea that Persia's dealings with her northern neighbour were of a peculiar nature. Russian methods were admittedly brutal—Persia was not the only country to suffer from them—and I was perfectly prepared to recognise the need for amicable relations between the two countries, but the fact that His Majesty's Government did not use the same methods was no reason why British interests should be ignored. The Russo-Persian draft commercial treaty might well contain certain clauses to which it would not be possible for His

Majesty's Government to subscribe, were the latter to claim equality of treatment, but if such clauses were found in practice to be harmful to British interests His Majesty's Government would be justified in asking why they had been included in the treaty. Might I, in fact, ask his Highness whether the Persian Government had ever thought of refusing any of the Russian desiderata during the course of the recent negotiations, because similar concessions could not be made to the British? There was no satisfactory answer to this question.

5. There was another category of concessions or privileges, I continued, which might perfectly well be made to us, as well as to the Russians, if only the Persian Government were animated by the necessary goodwill. I referred, in particular, to the need for export certificates, which, I had been told, his Highness himself had declared all other importers than the Russians would still be expected to furnish before their applications for import licences could be granted. Feroughi denied that he had ever said so, but he did not deny that such would be the case. I insisted on the importance which His Majesty's Government attached to their rights to most-favoured-nation treatment in this matter, and asked Mr. Lingeman to explain the enormous handicap under which any trader competing with Russian imports under such conditions would be labouring.

6. I also told his Highness that if the Persian Government based their refusal to grant most-favoured-nation treatment on the score that Soviet Russia was the only country that guaranteed purchases of Persian products to the same value as the sales of its own goods in Persia, His Majesty's Government might perhaps question the right of the Persian Government to exclude oil from the computation of its trade balance. Feroughi immediately remarked that oil could not be reckoned as a Persian export, and on my expressing surprise he advanced the usual argument that the southern oil-fields were exploited by a foreign concern. He admitted that the oil was not stolen and that the country had derived enormous benefits from the activities of the Anglo-Persian Oil Company, but he obviously thought that, with development and organisation brought to their present pitch of efficiency, Persia should be making a greater profit from the undertaking than it was at present. To the question, whether in the event of oil being excluded from the trade balance the invisible exports resulting from its exploitation should not be included, his Highness merely remarked that he was not a master of sophistry.

7. Feroughi also laughed when I told him that his letter of the 20th August, a copy of which was forwarded to your Lordship's Department under cover of my despatch No. 461 of the 25th August last, had aroused suspicions which it was perhaps intended to allay. He assured me that the treaty would not be found to be so damaging to British interests as I feared. He would let me have a copy as soon as it was signed (it would be submitted to the Majlis for approval with a view to ratification), and if we had any well-founded objections based on our claims to equality of treatment he was sure they would be met.

8. His Highness then went on to say that the Persian Government hoped that it could count on the sympathy of all powerful nations, including Great Britain, in the efforts which such a weak country as Persia was making to throw off the hold of the Russian colossus. In fact, Persia thought itself entitled to such sympathy; did not Soviet Russia constitute a world menace? I said that I personally sympathised enormously with the Persian Government in its difficulties and that I knew that these feelings were shared by my Government, but I felt at the same time that this appeal for sympathy was in striking contrast with the attitude recently adopted not only by the Persian press, but by his Highness himself in the Majlis, when he sought to justify the trade monopoly under the treaties in force. His Majesty's Government were very definitely of the opinion that this so-called monopoly was no monopoly in the accepted sense of the word; it was no more than a restriction on imports. Moreover, the clause in the Tariff Autonomy Treaty on which the Persian Government took their stand, only permitted prohibitions or restrictions when applied to products which were subject to state monopolies *within the country*. This measure sought to monopolise the whole of the country's foreign trade, and this was certainly never contemplated in the treaty. Feroughi did not even attempt to rebut these arguments. He said it was a question of interpretation, and he seemed to think we had best agree to disagree. His whole attitude implied that the Persian Government attached very little importance to the written word of their undertakings; that was as nothing compared with the realities of their relations with

Soviet Russia. The whole Tariff Autonomy Treaty had been a mistake, Feroughi said. It did not confer tariff autonomy on Persia. In his view it was undignified on our part to bargain the conventionalisation of the 1928 tariff rates for a number of years against tariff autonomy at the end of that period—forgetting, of course, that the 1928 tariff is a great improvement on that of 1920, and that as long as the latter was applied to British goods grossly preferential treatment was accorded to Russian imports.

9. The interview was as unsatisfactory as I had anticipated in regard to the positive and trustworthy assurances which I sought to obtain, although I did at least learn that Soviet Russia had not been guaranteed more than her present percentage of the import trade (30-35 per cent. in the two years ending March 1929). It closed after I had stressed the fact that the lack of consideration which the Persian Government were wont to display towards British interests, in the matter of Government orders, for instance, where we were faced by an undoubted *parti pris*, was hardly calculated to inspire the sympathy which was being asked of us.

10. The commercial secretary learns from a confidential and well-informed source that up to the 30th August the Russian applications for import licences in respect of the first six months of the economic year (*i.e.*, June to December 1931) cover 76 per cent. of the total quotas allowed, including 68 per cent. of the cotton piece-goods quota. The lists were closed on the 12th August, but reopened for the Russian benefit.

11. These figures are of a nature to lead one to doubt whether the Russians will rest content with 30-35 per cent. of the Persian import trade. I would point out, however, that Feroughi, in saying that the Russians were being guaranteed no more than their imports of recent years, may have had last year's imports in mind, *i.e.*, the year ending March 1931, for which no statistics are procurable as yet.

Copies of this despatch have been sent to the Government of India, His Majesty's High Commissioner for Iraq, Bagdad, and the Department of Overseas Trade.

I have, &c.

CHARLES DODD.

[E 4737/151/34]

No. 82.

Mr. Dodd to the Marquess of Reading—(Received September 18.)

(No. 487. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No 18, compiled by the military attaché to this Legation.

Tehran, September 9, 1931.

Enclosure in No. 82.

Intelligence Summary No. 18 for the Period ending September 9, 1931

1. General.

THE Crown Prince left Persia for Switzerland (Lausanne) by special steamer for Baku on the 7th September. It is intended that he should remain abroad for seven or eight years to complete a modern education. He was accompanied by the Minister of Court, Teymourache, who intends to return to Persia after two months, during which time he will place the Prince at school, take his own daughter to a school in England, and undergo a short cure at Vichy. Dr. Ali Ashgar Khan, Moadeb-ed-Dowleh, will be in charge of the Crown Prince

in Europe and is travelling with him. Diba, Wakil-ul-Mulk, a member of the Majlis in charge of the Court finances, and Colonel Reza Kuli Khan, manager of the Pahlavi Bank, are also of the party. His Majesty the Shah left Tehran on the 5th September. After having seen the Prince off from Pahlavi, he will proceed to Tabriz via Astara and Ardabil, and intends to tour the Kermanshah area before returning to the capital. He is accompanied by a small staff, including the Minister of War, the President of the Majlis, and Amir Nizam, assistant to the Minister of Court.

2. Persian Oilfields.

Mirza Majid Khan, Sayyid-ul-Vezareh, late counsellor, Persian Embassy, Ankara, is placed in charge of the section dealing with the U.S.S.R. in the Ministry for Foreign Affairs.

Muhammed Khan, Muntazim, is appointed Governor of Kazvin.

3. Foreigners.

U.S.S.R.—M. Ivan Schoutseff and M. Jacques Einhorn have arrived in Tehran as commercial secretary and first secretary respectively in the Soviet Embassy.

Italy—M. A. R. Desandre will be Chargé d'Affaires of the Italian Legation in Tehran consequent on the death of the Minister, M. J. Danco, and the transfer of the senior secretary, M. C. A. Straneo.

Germany.—Count von der Schulenburg, German Minister in Tehran, is transferred to Bucharest. He will be succeeded by Dr. Wipert von Blucher.

4. The Majlis.

The engagements of a certain number of foreigners for employment in Government service were sanctioned. The majority of these were French school teachers. The question of payment for Persian gunboats, now nearing completion in Italian shipyards, was discussed, and enquiries were made as to when the gold standard was to be adopted. The new marriage law will come into effect from the 24th September. It provides for the registration of all marriages and divorces, and forbids marriages between Persians and foreigners without special licence. A wife is granted the right to divorce her husband in certain circumstances and dispose of her own property as she wishes. The marriage age is not definitely fixed by this law, which only states that marriage before puberty is forbidden. The last article, however, gives the Minister of Justice power to enforce the law by any regulations he may find advisable, and it is understood that the lawful age of marriage will be fixed as 18 years for men and 16 years for females.

5. Treaties.

The temporary Perso-Iraq agreement, which terminated on the 11th August, has been renewed for a further six months.

6. Commercial Relations.

It is believed that a rough draft, embodying the principal points for a Russo-Persian Commercial Treaty, were agreed to in Tehran before the departure of Teymourache for Europe. The actual signing of the treaty may be deferred for some time, but an agreement on broad lines is believed to have been concluded. It is understood that the Soviet are granted considerable concessions in trade by the terms of this agreement.

7. Communications.

Roads.—A considerable amount of work is now in progress on the Khorremabad-Kermanshah road, as His Majesty the Shah is said to have expressed a desire to travel by this route in the autumn. The new road, which is some 96 miles long, is much the same alignment as Route No. 5, "Routes in Persia," Vol. II, and will be fit for motor traffic very shortly.

8. *The Press.*

The Tehran newspaper, the "Ettela-At," publishes a series of articles in reply to the "Times" of the 5th August regarding the Trade Monopoly Law. These articles, though vindictive in parts, contain more intelligent and reasoned arguments than are usually found in the local press. Once again it is stated that the Trade Monopoly Law is not intended to be a temporary measure, but to remain in force until Persian industries are in a position to resist foreign competition.

P. C. R. DODD, *Lieutenant-Colonel,
Military Attaché.*

Gulhek, September 9, 1931.

[E 4738/4540/34]

No. 83.

Mr. Dodd to the Marquess of Reading.—(Received September 18.)

(No. 488.)

My Lord,

Gulhek, September 8, 1931.

IN continuation of my despatch No. 467 of the 20th August, I have the honour to report that the Crown Prince of Persia left Tehran for Switzerland on the 5th September. His Imperial Highness was accompanied by the Shah as far as Pahlavi, where His Majesty saw him off. Teymourache and Diba left on the 6th September at dawn to rejoin the main party at Pahlavi, where all boarded a special steamer for Baku on the afternoon of the 7th instant.

2. The party consists of those mentioned in my despatch No. 467, with the exception of the Shah's daughter, who, it was decided, should remain for the present in Tehran. The Crown Prince was accompanied by his Persian professor, so that during his long stay in Europe he shall not forget his mother-tongue. With the party are also Colonel Reza Quli Khan, the director of the Pahlavi Bank and his wife. The colonel is to study banking in Lausanne for three years.

3. After having bid farewell to the Crown Prince, the Shah, attended by a small suite, will travel by the Caspian coast road to Astara and Tabriz, thence through Persian Kurdistan to Kermanshah and return to Tehran. His Majesty will be away for some twenty days.

4. The Persian Ambassador in Moscow will meet the Crown Prince in Baku and escort him through Russian territory.

5. Teymourache, after having placed the Crown Prince in school at Lausanne, will visit Berlin, where his Armenian wife has to undergo a further operation. He will then visit Vichy for a cure, go to Italy to be present at the launching of one of the Persian gunboats, and then hopes to pay a visit to both Paris and London. He expects to return to Persia in December.

I have, &c.

CHARLES DODD.

[E 4740/455/91]

No. 84.

Mr. Dodd to the Marquess of Reading.—(Received September 18.)

(No. 494.)

My Lord,

Gulhek, September 9, 1931.

WITH reference to Mr. Secretary Henderson's despatch No. 472 of the 21st ultimo, I have the honour to report that I am not in favour of adopting the measures of retaliation suggested by the Political Resident in the Persian Gulf as a means of coercing the Persian Government into modifying their treatment of Bahreinis in Persia, nor even of threatening the Persian Government with such retaliation. In my opinion, such a course is unlikely to achieve the desired result of ameliorating the situation of Bahreinis in Persia. The Persian Government cannot be credited with any such tenderness for their subjects as the contrary supposition implies. I fear that the Persian authorities' zeal might even be whetted in hunting down their victims.

2. The proposal to treat Persian subjects in Bahrein as subjects of the sheikh does not appear to me even to be logical. His Majesty's Government and the sheikh have all along maintained that Bahrein is a State independent of and distinct from Persia. Persians are aliens in Bahrein, and I can see no grounds on which they could reasonably be regarded as Bahreinis. It would be logical and consistent to withdraw from Persians the special privileges enjoyed by them in common with other foreigners.

3. The Political Agent, Bahrein, who has been staying with me for the last three days, has privately informed me that he would not regard with equanimity the termination of his jurisdiction over so large an alien colony, since it would have the effect of undermining his influence. On the other hand, the closing of the Persian schools and the interdiction of the Pahlavi cap would be an even sorer offence to Persian *amour-propre*, and if any such measure of retaliation be resolved upon, it is this which he, for his private part, would recommend. But I am, speaking personally, unable to approve of inflicting hardships on these Persians for the sins of their Government, of which they are innocent.

4. The attitude of the Persian Government in this question has been, in their own eyes, consistent. For them, Bahrein is part of Persia, and Bahreinis Persian subjects. It follows that when legislation is passed making life more burdensome for Persian subjects, such as, for instance, the conscription law, Bahreinis must shoulder the burden with the rest. When I complained of the persecution of Bahreinis to the Minister for Foreign Affairs recently, he wished me to accept this view. He did not deny that conditions had become more burdensome for Bahreinis, but he argued that his own son had been conscripted. To ask the Persian Government to exempt the Bahreinis is to ask them to abandon their claim in favour of that of His Majesty's Government. It is true that the Minister of Court did undertake to see to it that Bahreinis were not molested. That undertaking was, however, a derogation from the Persian aspect of the *status quo*, and has since been, in fact, dishonoured. On the other hand, any such measure of retaliation as that suggested to Lieutenant-Colonel Biscoe would be an actual and admitted breach of the *status quo* on the part of His Majesty's Government. It would be proclaimed as such. This departure would place His Majesty's Government dialectically, if not morally, in a disadvantageous position. It would be taken by the Persian Government as justification for any counter-measures in the Persian Gulf which they chose to take—although I scarcely believe that the Persians' timorous character would allow them to take any very drastic steps. It would, however, assuredly lead the Persian Government to seize the occasion loudly to reassert their claims to the sovereignty over Bahrein. They might even protest again to the League of Nations.

5. But some day the negotiations for a general treaty will presumably be reopened; and an overt breach of the *status quo* by His Majesty's Government now might handicap the British representative from the start. It would be preferable that he should be in a position to make capital out of His Majesty's Government's innocence of such a breach in the face of gross provocation. To me it seems improbable that any useful step can be taken on behalf of the Bahreinis apart from the settlement of the claims to Bahrein sovereignty in principle. This settlement can hardly be achieved save as part of a general treaty settlement; and in this respect, the sooner negotiations for a general treaty can be resumed the better.

6. As mentioned above, I hardly anticipate that the Persian Government would counter a move against Persians in Bahrein with a move against British interests elsewhere in the Gulf. But one cannot be sure. And, if British prestige is suffering from the impotence of His Majesty's Government to protect Bahreinis from Persian oppression, the loss of prestige which would ensue from such a humiliation as expulsion from Henjam would have still more violent repercussions.

7. In their present frame of mind, the Persian Government resent what Feroughi calls the exercise of unwarranted pressure. The lesson of the failure hitherto to obtain an extension of Imperial Airways' permission to fly along the Persian coast by a refusal to reopen the Duzdap Railway in default of it should not be forgotten. Such pressure as that recommended by Lieutenant-Colonel Biscoe would appear to the Persian Government as unwarranted, and would be resented, and might make them still less sympathetic to the desiderata of His Majesty's Government.

8. Recent legislation requires that agricultural landowners should be Persian subjects. What effect this has had upon Bahreini landowners' loyalties in Khuzistan I am at present unaware, and I am making enquiries. But most, if not all, will, I anticipate, prefer to accept Persian papers and keep their land. If this conjecture proves to be correct, the problem of protecting Bahreinis will have been solved by events for an important part of them.

9. In conclusion, I may add that the Persian Government may be encouraged in their attitude towards Bahreinis in Persia by their general attitude on the question of Persian nationality. This is typified in the provision of the nationality law by which any inhabitant of Persia is a Persian subject unless he can prove to the satisfaction of the Persian Government that he is of foreign nationality. In accepting or rejecting the proof, the decision of the Persian Government is final.

I have, &c.
(For Chargé d'Affaires),
L. BAGGALLAY.

[E 4727/439/34]

No. 85.

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 543. Very Confidential.)

Sir,

Foreign Office, September 21, 1931.

I HAVE received your despatch No. 423 of the 10th August in which you request to be furnished with a considered opinion on the question whether, in the event of the Persian Government renewing the permission at present enjoyed by the Dutch and French air lines to fly along the Persian shore of the Persian Gulf, His Majesty's Government would be able to claim a similar extension of permission on behalf of Imperial Airways on the grounds of their rights to most-favoured-nation treatment in Persia.

2. As you are aware, most-favoured-nation treatment in Persia is accorded to British subjects and their trade by article 9, paragraph 2, of the Anglo-Persian Treaty of 1857, which runs as follows:—

"The high contracting parties engage that the treatment of their respective subjects, and their trade, shall also, in every respect, be placed on the footing of the treatment of the subjects and commerce of the most favoured nation."

3. In order to establish the right to claim for Imperial Airways, under this treaty article, permission to use a route in Persia for a commercial air service, on the ground that similar permission had been given to French and Dutch air transport companies, it will be necessary in the first place for His Majesty's Government to show that Imperial Airways are covered by the word "subjects." The first question, therefore, is whether, in this treaty, the word "subjects" applies to "companies," that is, whether it includes corporations as well as individuals. His Majesty's Government do not usually interpret the word "subjects" as including corporations, as is shown by the ordinary commercial treaties between Great Britain and other countries, which contain certain articles giving rights to subjects and citizens, and certain other articles setting forth the treatment to be accorded to companies. On the other hand, there are certain old treaties in connexion with which His Majesty's Government have, in the past, contended for, and have in practice secured, an interpretation of "subjects" as including companies.

4. But even if this difficulty can be overcome, it is difficult to express a categorical opinion on the possibility of establishing conclusively a legal case under the most-favoured-nation provisions of the treaty of 1857. The Persian Government might well endeavour to complicate the legal point at issue. They might, for example, assert that they had decided to reorganise completely their air communications, and had reached the conclusion that it would be in Persia's best interests to grant a concession to a particular foreign company, or companies,

giving them under suitable conditions the complete monopoly of operating air services across Persian territory. It is questionable whether, in that event, it would be possible for His Majesty's Government to establish a claim that, because Persia had given a concession to companies of French and Dutch nationality, she was also bound under her most-favoured-nation obligations to grant the same or a similar concession to a British company. The Persian Government might claim that most-favoured-nation rights could not be considered as applying to the grant of concessions, since a concession obviously cannot be extended to an unlimited number of concessionnaires.

5. For these reasons, it is not possible to state in advance, before the question has arisen in practice, and before it is known in precisely what form the question is likely to arise, how strong a claim His Majesty's Government could advance for most-favoured-nation treatment in this respect. The strength of such a claim must depend largely upon the form in which the question arises, and this in its turn depends upon the Persian Government. In practice, the Persian Government may find it difficult to adduce reasonable grounds for a refusal to grant Imperial Airways the same facilities as they grant to other foreign air lines, and this may be all that the Persian Minister for Foreign Affairs meant when he mentioned the question of most-favoured-nation treatment to the French Minister. At the same time it must be recognised that if the purely legal issue were taken to arbitration, it is by no means certain that His Majesty's Government would win their case; and, while it may be found advisable to appeal in the last resort to most-favoured-nation rights, it would be unwise to rely on the supposition that such an argument will prove successful.

6. As regards the last sentence of paragraph 3 of your despatch, there can be no question of giving an assurance to the French and Netherlands Governments that His Majesty's Government will not, in any circumstances, claim most-favoured-nation treatment in Persia for Imperial Airways. Such an assurance would only render it more difficult to obtain for Imperial Airways an extension of the South Persian route, and would serve no useful purpose. I appreciate the fact that, if Imperial Airways operate the Arabian route, and the French and Dutch Air companies are also precluded from operating the South Persian route, these companies will also probably have to be accorded facilities on the Arabian route, provided that they are prepared to use flying boats instead of land planes, and to comply with such reasonable conditions as may be considered necessary.

I have, &c.
READING.

[E 4827/18/34]

No. 86.

Mr. Dodd to the Marquess of Reading. (Received September 22.)

(No. 209.)

(Telegraphic.) R.

Tehran, September 21, 1931.

YOUR telegram No. 130.

I have received from Feroughi semi-official letter in French stating that Persian Government accept the tenor of Sir R. Clive's memorandum of 1st October, 1930 (see Tehran despatch No. 488 of 6th October, 1930). Letter contains text of five draft articles reproducing in all essential points conditions enumerated in sections 1 to 6 of memorandum. It suggests that these articles should constitute agreement to come into force 1st October next and to be appended in due course as protocol to general treaty. Letter concludes by expressing appreciation of His Majesty's Government's desire to find satisfactory solutions for all outstanding questions, and expresses the hope that all points involved in general treaty settlement may soon be settled.

(Repeated to Government of India, telegram No. 130.)

[E 4829/18/34]

No. 87.

Mr. Dodd to Mr. A. Henderson.—(Received September 22.)

(No. 210.)

(Telegraphic.)

Tehran, September 21, 1931.

MY immediately preceding telegram.

I am definitely against acceptance, and suggest you should await my despatch No. 522, which leaves by bag 24th September. —

Arrangements could not in any case be carried through by 1st October, and I do not consider resultant delay of any consequence.

(Repeated to Government of India.)

[E 4762/328/34]

No. 88.

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 148.)

(Telegraphic.) R.

Foreign Office, September 25, 1931.

YOUR telegram No. 199 of 7th September and your despatch No. 483 of 9th September: Persian trade monopoly and Perso-Soviet Agreement

It seems clear that Russians are being accorded important special privileges (*e.g.*, exemption from obligation to sell exchange to Government banks, right to import Russian goods *before* furnishing corresponding export certificates, guarantee of large proportion of total trade, and monopoly of import of sugar) in return for certain corresponding special guarantees. This appears to be confirmed by reference at end of Feroughi's letter of 20th August to you (see your despatch No. 461 of 25th August) to Persia's readiness to accord similar treatment to other Powers "on the same conditions."

It is clear that Persian Government do not realise that His Majesty's Government have under their treaties with Persia a right to unconditional most-favoured-nation treatment. You should therefore address formal note to Persian Government warning them that rights of British subjects and their trade to most-favoured-nation treatment in Persia are unconditional; that it is not open to Persian Government to refuse to accord to British traders the same treatment as they accord to other countries, on the ground that they have obtained from such countries in return certain special guarantees, privileges or conditions which His Majesty's Government do not accord to Persia; and that, in consequence, if the Persian Government agree to give certain privileges to Russian trade His Majesty's Government, in accordance with their treaty rights, must formally claim the unconditional extension of the same privileges to British trade.

In discussing special privileges accorded to Russians you should bear in mind that Persian Minister for Foreign Affairs in his note of 8th June (see Sir R. Clive's despatch No. 297 of 15th June) refused to meet suggestion of His Majesty's Government that import licences should be issued against undertaking to export subsequently, on ground that Persian Government were precluded from doing so by provisions of supplement to foreign trade monopoly law. Privilege now accorded to Russians shows that this objection either never existed or has ceased to operate. In any case His Majesty's Government are now legally entitled to claim identical privilege for British traders.

[E 4829/18/34]

No. 89.

Mr. A. Henderson to Mr. Dodd (Tehran).

(No. 153.)

(Telegraphic.) R.

Foreign Office, September 28, 1931.

YOUR telegram No. 210 of 21st September: Duzdap Railway, &c.

I will await your despatch.

[E 4948/328/34]

No. 90.

Mr. Dodd to the Marquess of Reading.—(Received September 30.)

(Nos. 215 and 216.)

(Telegraphic.) P.

Tehran, September 29, 1931.

MY despatch of the 22nd September.

No proposals have yet been put forward to the Persian Government by the commercial secretary in writing (see paragraph 5 of the enclosure to my despatch). Commercial secretary thinks it would be better not to lay down percentages of import quotas as regards British goods. I agree with him. Such percentages would be drawn up on statistics of the last few years and would represent the maxima allowed. The result, however, of the fall in sterling should be an expansion of our trade, if permitted by Russian quotas and cutting of prices.

Following proposals of commercial secretary met with unanimous approval at meeting of heads of British institutions yesterday:—

- (a) That Persian Government should be asked to dispense importers of British goods from obligation to furnish export certificates at the time import licences are applied for, and that they will be treated not less favourably than applicants who are still expected to produce these certificates (in practice same treatment will presumably be accorded to all other importers except Russians, who will not have to ask for import licences).
- (b) That importers of British goods, on obtaining import licences, will undertake to produce export certificates before their goods are cleared through customs, and that such clearance will take place in not less than six months.

Should the holder of an import licence not make use of it himself within that period he will export produce to an equivalent value and sell exchange derived therefrom to Government.

May official negotiations with Persian Government be initiated on these lines?

Matter is of some urgency, as applications in respect of quotas for six months December-June are now being made, and it is important that British applications should be put in as soon as possible.

Great anxiety was expressed at meeting lest exports should not suffice to cover imports foreseen by Persian Government (see enclosure to my despatch No. 491).

Guaranteed Russian imports might consequently represent a very large proportion of imports actually effected.

Danger of this is being impressed on Director of Department of Commerce. (Repeated to Government of India. Copy by bag to Bagdad.)

[E 4950/328/34]

No. 91.

Mr. Dodd to the Marquess of Reading.—(Received October 1.)

(Nos. 217 and 218.)

(Telegraphic.) P.

Tehran, September 29, 1931.

YOUR telegram No. 148 of the 23rd September.

I propose to defer sending formal note to Persian Government until you have had time to study my despatch of the 22nd September in conjunction with my telegram No. 215 and my telegram No. 216.

If proposals outlined in latter were accepted by Persian Government advantages accorded to Russians under new treaty would be reduced to a minimum.

Russians will have no exchange to sell if they balance their trade with Persia. The same would apply to importers of British goods. If latter's exports exceed their imports they would naturally be expected to sell the difference.

It would be no great hardship for importers of British goods to produce export certificates when their goods were ready for clearance through customs.

[6751]

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This would preclude all manner of complications and obviate need for His Majesty's Government and Government of India to endorse guarantees of British firms (*cf.* also position of importers of British goods of other British nationalities). It is true that Russians might import at beginning and export at the end of six-monthly period, but they actually have to export goods, I understand, whereas importers of British goods could supply export certificates costing about 25 per cent. of value of exports effected.

We do not want percentages of quotas for British goods, but we must aim at reducing Russian quotas to lowest possible figure.

If the imports guaranteed to Russia, amounting to 25 million roubles for periods of six months, include sugar imports, Russia will be prevented by Sugar Monopoly from taking up bigger percentages of quotas which interest us more than sugar.

Moreover, since sugar will be delivered to Persian authorities at frontier, it will also result in relieving big merchants somewhat of Russian control and making it easier for them to import British goods.

I am afraid Persian Government would resent formal note at present stage. On the other hand, they might consider favourably practical suggestions given in my two immediately preceding telegrams. If necessary, it would always be possible to make representations on the lines of your telegram.

[E 4965/328/34]

No. 92.

Mr. Dodd to the Marquess of Reading.—(Received October 1.)

(No. 220.)

(Telegraphic.) R.

Tehran, September 30, 1931.

MY telegram No. 218.

Director of Department of Commerce informed commercial secretary yesterday that we should have no difficulty in reaching agreement if our proposals respected principle of trade balance and import quotas fixed by the Persian Government. He recognised that the present system would have to be altered, particularly where production of export certificates was concerned, if only in the interests of Persian importers competing with Russians. He thought, however, that the new scheme (applicable to all other importers than Russians) would not come into force till the beginning of next economic year, *i.e.*, June 1932. Commercial secretary remarked that this should depend on the date on which the new agreement with Russia is enforced.

I understand that the treaty will not be signed until the return of Teymour-tache, but the latter may return earlier than expected on account of financial situation, and the sooner we open negotiations the better. Meanwhile, Russians will probably be given import licences from time to time to the value of their exports.

I have reasons to fear that Russian imports of sugar will *not* be included in 50 million roubles guaranteed imports for the year. This would give them approximately 53 per cent. of all import quotas, as compared with 29 per cent. of import trade in 1930-31, taking the rouble as worth 5 krans as in the case of the 1927 trade agreement and 1 rial equivalent to 4½ krans.

[E 4975/4975/34]

No. 93.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 514.)

My Lord,

Gulhek, September 21, 1931.

WITH reference to my despatch No. 419 of the 6th August, regarding the flying of flags by the Imperial and International Communications Company, I have the honour to transmit to your Lordship herewith (*a*) a copy of a note, dated the 3rd September, which I have now received from the Minister for Foreign Affairs, dealing not only with the flags of the Imperial and International Communications Company, but also with the flags of foreign diplomatic missions and consulates, and (*b*) a translation of a circular stated in the press of the

15th September to have been sent on this subject to all local Persian authorities. The Persian Government claim that their regulations are based upon international usage and, whether this is so or not, the issues raised in the note and circular appear to me to involve important points of international law and custom.

2. The Minister for Foreign Affairs, in his note, appears to lay down the following general rules for the flying of flags by foreigners in Persia:—

- (1) Private persons and institutions may, on their own and Persian national holidays (provided the police see no objection) display their national flags on the front of their buildings, but may not hoist them on a vertical pole erected on the roof of the building.
- (2) Embassies, Legations and consulates may hoist their national flags on vertical poles erected on the roofs of their buildings, but not on flag-staffs planted in the ground; it would, furthermore, be in accordance with usual custom if the Embassies, Legations and consulates restricted the flying of their flags to special occasions.

3. These rules are in general accordance with the terms of the circular. The difference between the "front" of a building and the "whole" of a building is not of any importance. In both cases the intention is doubtless that foreign flags may be hung from windows and balconies and even perhaps from poles projecting outwards over doorways, but may not be hoisted on vertical poles over the buildings themselves (unless the buildings are Embassies, Legations or consulates). I am not sure how the Persian authorities will regard gateways when interpreting these regulations, but in view of the fact that in Persia few houses of any importance face directly on the street, I should think it probable that these will count as "buildings." I also think it probable, in spite of the wording of article 1 of the circular, that the Persian authorities do not intend to object to foreigners flying flags on Persian holidays and on national days other than their own.

4. With regard to the flying of flags by private persons and institutions, I presume that no objection can be taken to, or at any rate no protest raised against, the regulations of the Persian Government either as regards the occasions on which flags may be flown or the positions in which they may be displayed. I shall, however, be glad to receive your Lordship's instructions on this point.

5. With regard to the use of flagstaffs planted in the ground, I have already had the honour to request your Lordship's instructions in my despatch No. 419. The position in Tehran is that all Embassies and Legations, except His Majesty's Legation, fly their flags from flagstaffs erected over their houses or their gateways. His Majesty's representative, moreover, flies his flag from a flagstaff over the gateway at the town Legation, and it is only at Gulhek that the difficulty arises. Here the flagstaff, which formerly stood in public ground in front of the entrance, is now planted just inside the entrance. With regard to His Majesty's consulates, I am not certain whether any posts besides Bushire (see paragraph 4 of my despatch No. 419) have flagstaffs planted in the ground, or, if so, whether any of these flagstaffs stand in ground which does not belong to the consulate. I am asking His Majesty's consular officers to report upon this point. In the meanwhile I shall be glad to receive your Lordship's instructions as to the extent to which any demands made by the Persian Government for the removal of the flagstaffs from the grounds of (*a*) His Majesty's Legation at Gulhek, and (*b*) any of His Majesty's consulates which may possess them, can, under international law and custom, be resisted. When the flagstaff stands, as at Bushire, in ground not belonging to the consulate, it will, I presume, be necessary in the last resort to consent to their removal, at any rate into ground owned by the consulate. At Bushire there are, of course, special considerations involved, owing to the value of the flagstaff to international shipping.

6. With regard to the occasions on which flags should be flown, it is the practice of all Legations in Tehran, including His Majesty's Legation, and of His Majesty's consulates throughout Persia, to hoist their flags every day. I am aware that this is not the practice at many of His Majesty's missions (compare Foreign Office circular of the 15th September, 1926), but the practice is of long standing in Persia. So far as Tehran is concerned, I do not see any insuperable objection to the discontinuance of this practice, provided that it is discontinued by all foreign missions simultaneously. At some of His Majesty's consulates, however, there may be special reasons why any restriction on the occasions on which the flag is flown would be undesirable. I am asking His Majesty's

[6751]

K 2

consular officers for their views, but in the meanwhile I should, on this point, again be glad to receive your Lordship's instructions as to the extent to which any demands made by the Persian Government for the restricted flying of flags at (a) His Majesty's Legation at Tehran (or Gulhek) and (b) His Majesty's consulates can, under international law and custom, be resisted.

7. I have not thought it necessary to ask for telegraphic instructions because of the intricacy of the question and of the fact that the regulations in the circular have not been communicated to me officially (though this is of minor importance in view of the note) and also because the terms of the circular suggest that the local authorities will not take precipitate action. I shall, none the less, be glad if I may receive your Lordship's instructions at the earliest possible date.

8. Certain points of detail connected with the Imperial and International Communications Company's flagstaff at Henjam, which no doubt gave rise to the circular, as well as to the note, remain to be considered. With regard to the design of the flag which the company are supposed to have been flying, the Persian Government state that they are making further enquiries and no action is required for the moment. I shall, however, be glad to learn whether, from the point of view of His Majesty's Government, the company are a private institution entitled only to fly the Union Jack, or a semi-public institution entitled to fly the Blue, or even the Red, Ensign. It is noticeable, in this connexion, that the Persian Government appear to be uncertain as to the designs of British consular flags, and I propose, at a suitable opportunity, to communicate to the Minister for Foreign Affairs a flag page from an old Foreign Office List.

9. So far as the position of the flagstaff at Henjam is concerned, I have already asked for a report from the Acting Political Resident at Bushire. I am also asking Major Fowle to report whether the Sharq Company in Bushire fly the Soviet national flag from poles erected on the roofs of their offices and residential buildings, and whether they fly it every day (see the final paragraph of Bushire despatch No. 108/1567 of the 26th July, a copy of which was enclosed in my despatch No. 419). In Tehran no flag is ordinarily flown by the Sharq Company. It is, of course, possible that Soviet institutions, like other foreign institutions, will be required to comply with the new regulations.

10. I am sending a copy of this despatch, with its enclosures, to the Foreign Secretary to the Government of India and to His Majesty's consular officers in Persia.

I have, &c.

(For the Chargé d'Affaires),

LACY BAGGALLAY.

Enclosure 1 in No. 93.

Persian Minister for Foreign Affairs to His Majesty's Chargé d'Affaires.

(Translation.)

M. le Chargé d'Affaires,

Shahrivar 11, 1310 (September 3, 1931).

YOUR esteemed note of 8th Mordad last (31st July, 1931) regarding the question of flying of flags by the (officials of the) International Communications Company in Henjam was duly received.

In reply, I have to call your attention to the following points:—

1. By the consulate flag mentioned in my note of the 9th Tir, 1310 (1st July, 1931), I meant the same British Government flag as the consular institutions are hoisting on their buildings.

As regards the statement you make to the effect that the officials of the Communications Company have neither been flying the Telegraph Department's flag nor any consular flag, I have to state that the matter has again been referred to the competent authorities with a view to instituting further thorough investigations into the matter, so that the real facts of the case may become known.

2. With regard to your statement to the effect that it seems that the above-mentioned institution has hitherto been flying the British blue flag ("Blue Ensign") on Sundays and special holidays and the enquiry you make as to the regulations (practice ?) in force in Persia in this respect, I have the honour to inform you that in Persia foreign subjects and institutions can, on their national

holidays, fly their own national flags on the entrance of their houses ("façade de la maison") from morning till sunset should this not, in the opinion of the local police, be against public order. The hoisting of a Government flag on a vertical flagstaff on a building is, however, exclusively reserved to foreign Legations and consulates, who usually fly them on the occasion of Persian official festivals and the annual festivals of their respective countries, as well as on other holidays. But the hoisting of foreign flags on the ground is strictly forbidden.

3. As regards the place for hoisting a flag, I have to state that the object of my notes was not to state that the hoisting of a flag on the entrance of a building is against international practice and arrangements, but to point out the fact that in view of the report received to the effect that the flagstaff had been planted on the ground in the lane opposite the building, such an action was, as stated above, irregular, and that foreign diplomatic representatives and consulates have the right of flying flags on the building of their respective institutions.

I avail, &c.

FEROUGHÍ.

Enclosure 2 in No. 93.

Extract from the "Iran" of September 15, 1931.

(Translation.)

HOISTING OF FOREIGN FLAGS IN PERSIA.

THE following circular has been sent by the Ministry of the Interior to all Governors-General, Governors and Sub-Governors:—

The following are the regulations governing the use by foreigners of the national flags in Persia on the lines of international usage. Please see that they are strictly complied with:—

1. Foreign nationals and institutions can hoist their national flags on the days of their national festivals from morning till sunset on the whole of their buildings.
2. Hoisting of Government flags on vertical flagstaffs over buildings is only the exclusive right of foreign Legations and consulates, who do so usually on the days of official feasts of Persia and the annual festivals of their own country and on other days of festival.
3. Hoisting of foreign flags on a flagstaff fixed on the ground is forbidden.
4. Every foreign national or institution who fixes a flag on his or its building against the above regulations should be warned by the local police office that the above regulations are to be complied with. If foreign consulates hoist their flags against these regulations, the local Governor should approach the head of the consular institution and discuss the matter with him and notify the result to the Ministry of the Interior, in order that appropriate steps be taken by the latter.

[E 4976/2886/34]

No. 94.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 517.)

My Lord,

Tehran, September 21, 1931.

WITH reference to your Lordship's despatch No. 470 of the 22nd August, respecting the quarantine policy of the Persian Government, I have the honour to invite your Lordship's attention to my despatch No. 453 of the 25th August, in which an account was given of the experiences of Mr. Vice-Consul Davis and Mrs. Davis at the quarantine station at Qasr-i-Shirin on the Iraq-Persian frontier.

2. Since the British delegate on the Permanent Committee of the Office international d'Hygiène publique may have contemplated raising this question with his Persian colleague during the October session, I think it well to transmit

[6751]

K 3

to your Lordship without delay the enclosed memorandum by Mr. Busk, third secretary at this Legation, who passed through Qasr-i-Shirin on his way from Bagdad to Tehran on the 15th September.

3. From Mr. Busk's account it will be observed that conditions have undoubtedly improved since Mr. and Mrs. Davis were detained at the station, but I should, nevertheless, be loath to guarantee that the improvement that has taken place is in any way permanent. It might, indeed, be safely predicted that in view of the slipshod methods of the Persian authorities, conditions at the quarantine station at Qasr-i-Shirin will rapidly degenerate.

4. There has, nevertheless, been a certain improvement, and in these circumstances it might perhaps be preferable that Sir George Buchanan should not approach the Persian delegate again on this aspect of the subject, since the latter would only point with pride to the undeniable, though only temporary, improvement that has taken place.

5. In my despatch No. 453, I had the honour to state that I had called for reports from some of His Majesty's consular officers in Persia. When these are received I shall not fail to address to your Lordship a further despatch on this subject.

6. Copies of this despatch have been transmitted to the Acting High Commissioner in Iraq and to the Government of India.

I have, &c.

(For the Chargé d'Affaires),

LACY BAGGALLAY.

Enclosure in No. 94.

Memorandum respecting the Quarantine Station at Qasr-i-Shirin.

MY journey from Bagdad to Tehran provided me with some opportunity to inspect the quarantine station at Qasr-i-Shirin. In view of the deplorable experiences of previous travellers, these notes may be of some interest.

We—my Iraqi chauffeur and myself—were stopped a mile or two outside the town and directed to drive to the quarantine station. A gendarme accompanied us to show us the route. On arrival we had to wait some time for the doctor, who had not yet got up, but when he arrived the formalities were but brief.

Before we left the doctor enquired whether I was content with the conditions of the station and took me on a brief tour of inspection.

The buildings, which are in three blocks, are all quite new. The block I visited was presumably that allotted to first-class travellers and contained no victims. It was divided into a number of small rooms, almost all of which were furnished with beds and a chair. In some rooms the beds were made up with blankets, sheets, pillows, &c. The main corridor of the building had half a dozen taps in it, all of which were running. I had, of course, no means of judging whether the water was uncontaminated. All the rooms I saw had doors and glazed windows. The place looked clean and gave a good impression except for the absence of lavatory accommodation, which, since I was not shown it, I conclude to be still very primitive.

The other blocks of buildings contained several travellers of a poorer class, and I was not allowed to visit them. As far as I could see through the window these blocks were unfurnished, though the windows, at any rate in front, were glazed. Water was running from the taps in the corridors of these blocks.

My chauffeur, an Iraqi, who had been meanwhile wandering round by himself and conversing with the guards, informed me later that conditions appeared to be good, but that there was great difficulty in obtaining food at the quarantine station.

D. L. BUSK.

[E 4977/631/34]

No. 95.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 521.)

My Lord,

Gulhek, September 21, 1931.

THE commercial secretary to this Legation, in a memorandum forwarded to your Lordship's predecessor under cover of Sir Robert Clive's despatch No. 223 of the 5th May last, outlined the terms on which the German railway consortium had expressed their willingness to complete the Bander-Shah-Tehran section of the north to south railway. As anticipated by Mr. Thomas Brown, this offer was turned down by the Persian Government, who still appear determined to construct the line themselves, both in the north and south. About the same time the Belgian engineer, who had been put in charge in the north asked to be relieved of his duties on being credited with 500 tomans instead of the £1,000 he had asked for to repair the locomotives that had been damaged by the Persian boys, fresh from their one to two years' training in a German technical school, whom the authorities had insisted must be quite competent to drive such simple things as railway engines. M. van der Hulst was succeeded by the Japanese engineer in Persian employ.

2. On the 18th August the Majlis authorised the Government to engage sixty-seven foreign engineers, assistants and technicians "for the completion of the railroad between the port of Shahpur and Dizful, as well as for the survey and the construction of the line from Dizful northwards and from Aliabad southwards, apart from the organisation of a central technical administration and the exploitation of the northern and southern sections." The annual credit to cover their salaries and travel expenses is not to exceed 440,000 tomans, and the contracts are to be made out for two years.

3. Much to the astonishment of the Deputies, the nationality of these experts was not mentioned, the question being left to the decision of the Council of Ministers. So far only a Swede has been engaged to take over from the Japanese engineer in the north, the latter's ignorance of any language other than his own having presumably proved too serious a handicap. Two other Swedish engineers have been surveying the northern section, perhaps in connexion with the supply of railway material in virtue of the contract recently placed with a Swedish syndicate, and it is more than likely that as many Swedes will be employed as possible.

4. I am sending copies of this despatch to the Department of Overseas Trade, the Foreign Secretary to the Government of India and to the Acting High Commissioner for Iraq.

I have, &c.

(For the Chargé d'Affaires),

LACY BAGGALLAY.

[E 4978/18/34]

No. 96.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 522.)

My Lord,

Gulhek, September 21, 1931.

WITH reference to my telegrams Nos. 209 and 210 of to-day's date, I have the honour to transmit to your Lordship herewith a copy of the letter which I have received from Feroughi, stating that the Persian Government are prepared to accept the tenour of Sir Robert Clive's memorandum of the 1st October, 1930. This memorandum, of which a copy was sent to your Lordship's predecessor in Sir Robert Clive's despatch No. 488 of the 6th October, 1930, enumerated the conditions upon which the Government of India would, as a part of the general treaty settlement which was then contemplated, be prepared to transfer to the Persian Government the section of the Quetta-Duzdab Railway situated on Persian territory.

2. Feroughi's letter contains what are in effect five draft articles and your Lordship will observe that they reproduce in all material points the conditions

[6751]

K 4

enumerated in the memorandum. There is no article corresponding to section 4, which dwelt on the fact that the Government of India would make a considerable sacrifice by continuing to bear the loss incurred on the operation of the railway between Mirjawa and Dalbandin, but this was hardly to be expected. A small point which may be noted is that in article 2 "la frontière" is substituted for "Mirjawa" as the point from which the line will be transferred to the Persian Government. Article 2 also contemplates the relegation to future agreements of two questions (the connexion between the Indian and Persian sections and the price to be paid by the Persian Government for Indian rolling-stock) both of which might in practice prove difficult to negotiate.

3. I shall be glad to learn whether, apart from the considerations which I discuss in the following paragraphs, these articles are in general still acceptable to His Majesty's Government in the United Kingdom and the Government of India, and whether they see any objection to the articles forming a protocol to be attached to the treaty and covered by a single article in the treaty. The articles obviously need some rearrangement and the language needs some revision as regards style and accuracy, but these points need not be considered at this juncture. They will also need to be supplemented by the article relative to the fixing of rates and fares which the Government of India desire to add to their earlier conditions (see Government of India telegram No. 1769 S of the 16th July to the India Office).

4. However gratifying it may be that the Persian Government should have accepted, somewhat tardily it is true, but nevertheless without argument or substantial alteration, the conditions which His Majesty's Government and the Government of India themselves formulated as a final concession, it is necessary to examine closely the circumstances in which this notification has been made. It is characteristic that Feroughi's letter makes no mention whatever of the closure of the Persian section of the railway and the terms (the prolongation of Imperial Airways' permission to use the southern route) upon which His Majesty's Government and the Government of India are prepared to reopen it: in fact of anything that has happened since Sir Robert Clive delivered the memorandum twelve months ago. Instead it blandly assumes that the Government of India will forthwith, *i.e.*, from the 1st October next, accept, without further inducement, the heavy financial sacrifices which the settlement involves. It equally blandly ignores the fact that the railway settlement was only offered as part of a general treaty settlement, and suggests that the treaty should merely have appended to it as a protocol an agreement which is already in force. It is true that it expresses a hope that the treaty itself will be concluded without delay, but such pious hopes are of no value in this connexion. As for the date mentioned, the 1st October, I do not suppose that the Persian Government imagine that a provisional railway agreement could really be concluded by then, but I think that they are clearly anxious to see the railway reopened at a very early date. How large a price they are prepared to pay for reopening I cannot at present estimate.

5. I am, however, satisfied that His Majesty's Government and the Government of India should not, in any circumstances, accept this offer unless the Persian Government are prepared to prolong the use of the southern air route by Imperial Airways. They have been told that these are the terms upon which the railway will be reopened and these terms, or some concession of equivalent value, should be insisted upon. It is true that the inconvenience which they suffer from the closure of the railway, may not be great enough to make them accept these terms, but the inconvenience on this side is even less, for to judge from reports from His Majesty's consular officers in Eastern Persia the Indian trading community regard the closure with complete equanimity, while to the Government of India it must be a definite financial advantage. His Majesty's Government and the Government of India have, therefore, something to gain, and nothing to lose, by waiting to see what the Persian Government will offer.

6. It is true that strictly speaking the continued use of the southern air route was the price asked for the reopening of the railway, and that the transfer of the Persian section is really a separate concession. But I presume that, if the southern air route could be secured, His Majesty's Government and the Government of India would be prepared to regard the two steps as a single operation. I therefore suggest, for your Lordship's consideration, that I should be instructed to reply to Feroughi that His Majesty's Government in the United Kingdom and the Government of India regret that the closure of the railway, for which they

must disclaim all responsibility, has completely altered the circumstances in which Sir Robert Clive's memorandum was put forward: but that nevertheless they will be prepared to regard the terms of that memorandum, upon which they note with satisfaction that both parties are agreed, as constituting an agreement to come into force as part of a wider settlement. It would probably not be necessary to be more explicit; the Persian Government would understand that a *quid pro quo* was still required, while His Majesty's Government and the Government of India would be free either to concede the point in return for the southern air route, which is not a "treaty" question, or as part of a treaty settlement, in return for any of their other desiderata which they might find it convenient to substitute therefor.

7. I should be grateful if I might receive your instructions on this despatch by telegram, not because of the Duzdab Railway in itself, but because the reply I have suggested might possibly, if it were made at about the same time as the enquiry which I am proposing to make regarding the southern air route (see my telegram No. 208 of the 21st September), be of some assistance (I cannot put it more strongly than that) in evoking a favourable reply to that enquiry. It will probably not be desirable to make any further reference in writing to the Duzdab Railway in connexion with the air route, or *vice versa*, but if a really suitable opportunity occurred, this might be done orally. It is just possible that if I show sufficient indifference regarding the railway, and am not too pressing regarding the air route, the Persian Government will themselves connect the two questions. It is also possible that if the 1st October comes and goes and no reply has been sent from this Legation to Feroughi's letter, he will himself begin to make unofficial enquiries as to the steps which I have taken. To such enquiries I should reply (by word of mouth) that I had referred the question to your Lordship, but that I could hold out little hope of a favourable reply unless our conditions, which were well known, could be met. This might lead, if not to an offer, at any rate to a more reasonable frame of mind.

8. It will of course always be possible for the Persian Government, in the absence of a settlement, to operate the line themselves (in which case the Government of India would have a somewhat doubtful claim for the value of the rails), by acquiring from other sources the necessary rolling-stock. But though Persian *amour-propre* will attempt many things, I doubt whether it would attempt anything so costly and futile as this, more especially when it is considered that Mirjawa has no importance other than that which the railway confers, and that the only existing road does not connect Mirjawa with the present railhead, but passes some way to the north of it, only rejoining the railway at Duzdab itself.

9. I am sending a copy of this despatch to the Government of India and to the Acting Political Resident in the Persian Gulf.

I have, &c.

(For the Chargé d'Affaires),
LACY BAGGALLAY.

Enclosure in No. 96.

M. Feroughi to Mr. Dodd.

Mon cher Chargé d'Affaires,

Téhéran, le 17 septembre 1931.

COMME vous le savez, son Excellence Sir Robert Clive m'a adressé, en date du 1^{er} octobre 1930, une lettre contenant certaines propositions relatives au chemin de fer de Dozdab. Je suis maintenant à même de répondre à cette lettre et à l'aide-mémoire y annexé en vous informant que mon Gouvernement accepte la teneur dudit aide-mémoire, c'est-à-dire que :

1. Le Gouvernement des Indes sera tenu d'opérer la ligne jusqu'à la frontière persane pendant cinq ans à dater du 1^{er} octobre 1931;

2. Le Gouvernement de Sa Majesté britannique cédera dès maintenant gratuitement au Gouvernement impérial de Perse la partie de la ligne entre la frontière et Dozdab, qui sera opérée par ce dernier. Le mouvement entre les deux sections sera réglé par un arrangement spécial. Le matériel roulant nécessaire à l'exploitation de la section persane sera vendu par les autorités compétentes du

Gouvernement des Indes aux autorités compétentes du Gouvernement persan. Les conditions de vente seront négociées séparément;

3. Pour le cas où le Gouvernement impérial de Perse entreprendrait ou laisserait entreprendre sur son territoire la construction d'une voie ferrée, telle que la voie ferrée de Meched vers la sud ou de Kerman vers l'est, qui, en correspondance avec le chemin de fer de Dozdab, pourrait, dans l'opinion du Gouvernement des Indes, nuire aux intérêts stratégiques des Indes, le Gouvernement des Indes se réserve l'entière liberté d'action quant à la partie de la ligne qui se trouve sur son territoire de cesser l'exploitation ainsi que d'enlever sur son territoire les rails;

4. Pour le cas où la Perse cesserait ou ferait connaître son intention de cesser l'exploitation de la partie de la ligne qui se trouve en territoire persan, le Gouvernement de Sa Majesté britannique aurait le droit d'en faire autant de la section indienne;

5. A l'expiration du terme de cinq ans, chacune des parties contractantes aura la faculté de demander que la situation soit de nouveau examinée par rapport aux circonstances actuelles.

Quant à la forme que doit revêtir l'accord à ce sujet, un article dans le Traité général pourrait dire que les hautes parties contractantes sont convenues d'opérer le chemin de fer de Dozdab conformément aux dispositions du protocole annexé au traité. Les clauses susmentionnées seront celles du protocole additionnel. Il est entendu que ce protocole entrera en force avant la ratification du traité à partir de la date indiquée dans le protocole.

Le désir du Gouvernement de Sa Majesté britannique de trouver les solutions satisfaisantes à toutes les questions en négociation entre nous est hautement apprécié par mon Gouvernement et il est à espérer que, dans un avenir prochain, tous les points du Traité général en suspens seront réglés.

Veuillez, &c.

M. A. FEROUGHÍ.

[E 4979/841/34]

No. 97.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 523. Secret.)

My Lord,

Tehran, September 22, 1931.

I HAVE the honour to acknowledge the receipt of your Lordship's Secret despatch No. 512 of the 7th September, in which you ask me for my views upon the position at Henjam.

2. I do not consider that for the present the Persian Government are likely to put forward an open demand for evacuation, although they may, in anticipation of the resumption of treaty negotiations, embark upon a policy of pinpricks designed to remind His Majesty's Government of the precarious nature of their position. The desire of His Majesty's Government to remain at Henjam offers them a most useful weapon in treaty negotiations, and until these negotiations are resumed they would gain no advantage by throwing this weapon away unnecessarily. They might, of course, be unable to refrain from action in the event of some local incident occurring in which their *amour-propre* was involved, and which received sufficient publicity. But, for the moment at any rate, they do not appear to be seeking pretexts for making trouble. They have, for instance, contented themselves, so far as can be seen, with a paper protest regarding the four slaves who took refuge on board His Majesty's ship "Folkestone" (see my despatch No. 500 of the 21st September). The fact that the ship's officers were in the right would not have deterred them from making use of this incident had it suited them to do so.

3. It is unlikely, moreover, that either the original *status quo* agreement with regard to the Gulf, or the later and more general assurance given by Teymourache when negotiations were broken off, would deter the Persian Government from raising the question of Henjam if they thought it opportune. Teymourache's assurance in particular is of a somewhat flimsy kind. The

Persian Government might plausibly claim that the first was come to in contemplation of the early conclusion of negotiations and the second in contemplation of an early resumption of negotiations, and that as, in fact, the negotiations have been neither resumed nor concluded, neither agreement is now valid. The interpretation which they place upon the agreement in respect of the forcible nationalisation and conscription of Bahrein suggests that they would have no hesitation in claiming that the application to Henjam of general measures in force before the agreement, but not previously applied there, would be no breach of the agreement. They have already, in fact, raised difficulties about such matters as the importation of supplies for the coal coolies, and, quite recently, for residents in the concession generally; and the employment of Persian subjects as bakers or washermen. This, if it is not due to mere ineptitude (compare the reasons for the closure of the Duzdap Railway), may be intended, as I have indicated above, to emphasise the weakness of His Majesty's Government's position and their dependence on Persian goodwill, but it is probably not intended deliberately to render the position intolerable. Finally, the Persian Government might claim that the closure of the Duzdap Railway was itself a breach of the *status quo* entitling them to break it at Henjam. The weakness of the argument would not deter them from using it.

4. In these circumstances it is clear that if the Persian Government make no move to secure evacuation, it is because they do not choose to do so. This, however, is not an indication of the strength of His Majesty's Government's position, but of the reverse. It is because the Persian Government know that this position is weak that they are content to wait upon events in the hope of exploiting it to the full when negotiations are resumed.

5. The situation will alter considerably if, in the course of the negotiations, the Persian Government decide that the inducements which His Majesty's Government have to offer for the grant of a lease at Henjam are not after all sufficiently attractive. This may well happen, for apart from the transfer of the Duzdap Railway, which is already earmarked, so to speak, for the southern air route (a point hitherto at least outside the treaty) and the remission of the war and post-war debt, which the Persian Government do not intend to pay in any case, His Majesty's Government have little that is tangible to offer. Unless, therefore, some fresh inducement were forthcoming, the Persian Government might quite easily begin by making minor difficulties at Henjam in the hope of exerting pressure, and end by declaring that no lease could be granted.

6. Although it is still not possible to state exactly when negotiations will be resumed, it is not unreasonable to expect that this will be before next spring, when the first units of the Persian navy are expected to reach the Gulf. Once this happens, the situation will be still more radically changed. It is most unlikely that the Persian Government yet realise the full value of Henjam. But the measure of its importance for His Majesty's Government is the measure of the importance which it may soon assume for the Persian Government. When that day comes they will, without question, set to work to secure Henjam for themselves, unless they are already bound by an agreement which effectively precludes this. It is, unfortunately, impossible to guarantee that the negotiations, even if they began to-day, would be finished by next spring, and it is equally impossible to guarantee that, even if they were finished, the agreement regarding Henjam would be unassailable.

7. Assuming for the moment that the Persian Government were disposed in principle to grant a lease at Henjam, I can see little prospect of the terms of that lease being more favourable than those contained in the latest Persian draft of the Henjam Protocol. It is even possible that the Persian Government may withdraw much that they may have already offered, and that the negotiation of even the most unsatisfactory lease would involve much delay and many concessions. But even with the present Persian draft there can be no real security. It gives the Persian Government too many opportunities to render the position there intolerable whenever they begin to covet the anchorage for themselves. Nothing short of the British draft enclosed in Sir Robert Clive's despatch No. 368 of the 20th July, 1930, including the original form of article 6 regarding jurisdiction in the concession, will provide adequate security. The amended form of this article suggested to Teymourache on the 28th July, 1930, would, I fear, offer no sufficient guarantee. The prospects of securing the acceptance of the British draft are, however, exceedingly remote, and even if it were accepted there could never be

any guarantee, in the case of the Persian Government, that its terms would be faithfully carried out. I do not think that the present Persian Government would have any difficulty in securing the ratification by the Majlis of any agreement of which they approved, though they might use the Majlis as an excuse for the rejection of any agreement of which they subsequently repented.

8. Your Lordship will not wish me to repeat the general arguments for a withdrawal from Henjam which have, if I may venture to say so, been fully and adequately expressed by the representatives of the Foreign Office and India Office at the Committee of Imperial Defence Sub-Committee meeting held on the 18th August. I will only repeat that Henjam is the biggest liability on the British side of the negotiations, while withdrawal would not in any way constitute an asset, as the representatives of some departments at the meeting appeared to think. If the British negotiator enters the discussions with the knowledge that there is no alternative to Henjam and that a lease must be secured at all costs, he must be prepared to give way on most of the other points which the Persian negotiator may bring forward, and to concede everything which the Persian negotiator may ask with regard to the details of the lease itself. If, on the other hand, he can enter the discussions with the knowledge that, though Henjam may be the most desirable site, an alternative can none the less be made available, he can take the line that if the Persian Government are unwilling to grant a lease except on fantastic terms, His Majesty's Government are unwilling to be blackmailed and will withdraw altogether. It is just possible that, rather than lose their weapon altogether, the Persian Government might consent to a lease on reasonable terms, which would preclude the possibility of a forced withdrawal, even when the Persian navy felt the need for Henjam for itself.

9. I am not clear as to how far the preparations at Bahrein could be carried forward without the fact that they were being undertaken coming to the knowledge of the Persian Government. But unless it is certain that complete secrecy could be observed, it would be necessary to announce in advance the intention to transfer the depot (see Mr. Lascelles's telegram No. 165 of the 27th July). In the case of the Persian Government openly demanding evacuation, the prestige of His Majesty's Government would, of course, be more adequately protected if they could point to the fact that they had already begun to prepare a site elsewhere as proof that they had already decided to leave Henjam of their own accord, than if no such preparations had been begun. But this would not be so satisfactory as forestalling the Persian Government altogether. A definite announcement by His Majesty's Government of their intention to withdraw would not, however, necessarily make it impossible for them, if treaty negotiations were resumed before any large sum had been expended at Bahrein or elsewhere, to place Henjam on the agenda of the negotiations, explaining that though a move to Bahrein had been decided upon they were, nevertheless, prepared to retain Henjam if a reasonable rent and reasonable conditions could be agreed upon. But this could not be done unless the completion of the site at Bahrein within a reasonable period could be counted upon as an absolute certainty. Even, moreover, if a satisfactory lease at Henjam were achieved by these means, it would still, in my opinion, be desirable to keep the Bahrein site in reserve in case it should prove impossible towards the end of the twenty-five years' lease to negotiate a renewal on satisfactory terms.

10. My conclusions are, therefore, that it would be unwise to count upon any more satisfactory agreement than the present Persian draft of the Henjam Protocol; that in this form the protocol, even if His Majesty's Government were to accept it, would not prevent the Persian Government from forcing the withdrawal of His Majesty's Government by indirect means when once they learned the value of Henjam to themselves; that they will unquestionably learn this value when the Persian navy arrives in the Gulf or very shortly afterwards; that if the Persian navy arrives before an agreement has come into force, the Persian Government are likely at the least to wish to share the anchorage and may well break off negotiations and put forward an open demand for withdrawal; that in these circumstances the preparation of an alternative site, at Bahrein or elsewhere, is a matter of urgent necessity; that provided this is put in hand, but not otherwise, the British negotiator may, with some prospect of success, seek to secure a lease at Henjam satisfactory in itself and secure against future encroachments; and that whether the latter point is decided on or not, an announcement of His Majesty's Government's intention to

construct a depot elsewhere is desirable, if there is any danger of leakage, before active preparations are begun and, in any circumstances, before negotiations are resumed or the Persian navy reaches the Gulf.

11. I am well aware that the obstacle to this policy is the financial one. So far as the cost of transferring the depot to Bahrein is concerned, the expenditure required for a new site has, I believe, been estimated at about £30,000. For this a permanent site could be secured. At Henjam, on the other hand, His Majesty's Government are prepared to pay in the last resort £1,000 a year for twenty-five years. Apart, therefore, from the fact that the Bahrein proposal involves the payment of a lump sum at a time of great financial stringency, it appears upon the whole to be a profitable investment. But even if the sum involved were considerably larger, I should still consider withdrawal from Henjam as an imperative necessity, if the risk of a severe blow to the prestige of His Majesty's Government in the Persian Gulf is to be avoided.

12. With regard to the further question of the additional expenditure which might be involved if preparations for a depot were to be begun at Bahrein and a lease of the site at Henjam were subsequently acquired, I wish to make it clear that the suggestion that, even though preparations might have been begun at Bahrein the British negotiator should still attempt to secure a lease at Henjam, is purely subsidiary. The important point is that His Majesty's Government should be ready, and able, to withdraw from Henjam when necessary.

13. I venture to add that I have written this despatch on the assumption that the present Government, or Governments of a similar complexion, will remain in power. If the entire régime were to change, it is possible that a friendlier Government might be anxious to please His Majesty's Government by making things easy at Henjam, or a weaker one be unable to take effective action to prevent their continued occupation. But I consider that such changes are too speculative to be taken into account in this connexion. Moreover, any future Government that possessed a navy would be obliged, so far as I can see, to attach the same importance as the present one may be expected to do to the possession of Henjam as an anchorage for its own use.

I have, &c.

(For the Chargé d'Affaires),

LACY BAGGALLAY.

[E 4980/847/34]

No. 98.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 526. Most Confidential.)

My Lord,

Tehran, September 23, 1931.

WITH reference to my telegram No. 204 of the 16th instant, I have the honour to transmit to your Lordship herewith, a translation of the letter addressed by the Minister of Finance to the acting chief manager of the Imperial Bank of Persia on the 13th September, recording the bank's appointment as the Persian Government's agent for the purchase of exchange on the same terms as the National Bank. No other bank is to share this privilege, apparently.

2. The press has referred to a decree of the Council of Ministers embodying this decision, but the text of the decree itself has not been published, nor has Mr. Butters received a copy of it. The latter, however, does not think that it would be politic to press the matter, as the Government doubtless wish to give it as little publicity as possible, whilst the Minister of Finance's letter gives the bank the guarantee and rights it has been craving for.

3. Mr. Butters, in my opinion, deserves the greatest credit for having brought his negotiations to a successful issue. He has throughout shown an experienced intuition of the most suitable line of approach, and a fund of tact and patience, and the results which he has obtained show what success can be obtained by the display of these qualities in the direction of the bank's affairs.

4. All the exporters' exchange bought by the Imperial Bank will be held at the disposal of the Government, and the bank is to make regular statements of such purchases to the Treasury-General, as indicated in Taghi Zadeh's letter. It is only to this extent that the bank has agreed to "place itself under the control

of the Persian Government" (see your Lordship's despatch No. 509 of the 7th September), and this it has been willing to do from the very beginning. Mr. Wilkinson's letter to the Minister of Finance of the 20th April, a copy of which formed Enclosure (c) to Sir Robert Clive's despatch No. 224 of the 6th May last, gave a definite undertaking to that effect. It is, therefore, a mere excuse on the part of the Government for the delay in according to the Imperial Bank a privilege to which it was clearly entitled under the agreement of the 13th May, 1930, to profess that the bank has hitherto declined to accept the measure of official control required of it.

5. I am sending a copy of this despatch to His Majesty's Acting High Commissioner for Iraq, and to the Government of India.

I have, &c.
(For the Chargé d'Affaires),
LACY BAGGALLAY.

Enclosure in No. 98.

Minister of Finance to the Imperial Bank of Persia, Tehran.

(Translation.)

Dear Sirs,

September 13, 1931.

IN terms of the decision taken, the Imperial Bank shall, in the same way as the National Bank of Persia, be the Government's agent for the purchase of exchange derived from the country's exports.

You will, therefore, act accordingly, and supply the Treasury-General regularly with statement of your purchases.

TAGHI ZADEH.

(Seal of the Ministry of Finance.)

[E 4984/151/34]

No. 99.

Mr. Dodd to the Marquess of Reading.—(Received October 2.)

(No. 533. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith copy of Intelligence Summary No. 19 for the period ending the 23rd September, 1931.

Tehran, September 23, 1931.

Enclosure in No. 99.

(Secret.)

Intelligence Summary No. 19 for the Period ending September 23, 1931.

1. The Shah's Tour.

THE Shah left Pahlavi on the 7th September, arriving at Astara on the 8th; Ardebil on the 9th; and Tabriz on the 10th, at which place he was received with enthusiasm. From Tabriz he proceeded to Khoi and Salmas (Shahpour). On his return to the capital he will take up residence in his Tehran palace. The Saidabad palace will be closed for the winter months.

2. Journey of the Crown Prince to Europe.

The Crown Prince was met on board ship at Pahlavi by the Soviet General Kouguin and a small military mission, which was to accompany him through Russia. He stayed at Baku for twenty-four hours, where a banquet in his honour was given. A special train was provided for the journey through Russia.

To celebrate the occasion of the presence of the Crown Prince in Russia, all Persian political prisoners were released by the Soviet.

3. Foreigners.

Mr. D. L. Busk arrived in Tehran on the 18th September on appointment as third secretary, British Legation.

Mr. C. Sykes, honorary attaché, British Legation, left Tehran on the 14th September for a six weeks' tour in Persia prior to his return to the United Kingdom.

Mr. H. G. Jakins, who was posted for temporary duty at Mohammerah, handed over charge of the consulate at that place, on the 11th September, to Mr. C. H. Lincoln, and will proceed on leave to England.

The Turkish consulate at Resht and the Polish consulate at Tabriz have been closed.

4. The Majlis.

The Majlis voted 390,000 pahlavis for the gunboats, which are being constructed in Italy, and for all expenses connected therewith up to arrival in the Persian Gulf.

For the enforcement of the new marriage law, the Minister of Justice has issued instructions that a tribunal shall be formed in each province, consisting of the Governor, a medical officer, and a member of the Court of Justice. A court of appeal will be instituted in Tehran.

5. Education.

Before departing for Europe to complete their education, a party of eighty students were entertained at a dinner given by the Minister of Public Instruction.

Of these students, fifty will go to France, twenty-five to England, and four to Munich.

6. Currency.

Nickel and copper coins, minted abroad, for the new currency, to the value of 770,000 rials (nominal value of 1 rial = 1 shilling), have been delivered to the National Bank.

7. Communications.

Roads.—(i) Work on the Kerman-Khabis road is in progress. Three hundred labourers are being employed on the Gudar-i-Sirch section. It is expected that the road will be fit for motor traffic by the end of the year.

(ii) It is reported that work on the Rowanduz route from Haidarabad to the Iraq frontier is now complete. Construction of the section in Iraq territory is expected to be finished by the end of the year.

Railways.—M. Haklin, Swedish engineer, has been placed in charge of the surveying mission which is to prepare plans for the continuation of the line in the north from Aliabad to Tehran. Other Swedish engineers are to be engaged in the near future.

8. Kermanshah.

A certain number of Chaldean and Assyrian families have recently been permitted to enter and reside in Persia. Thirty-five families of Assyrian refugees from Russia have been settled upon the Shah's estates at Shahabad, near Kermanshah, as agriculturists. They are receiving financial help whilst settling down.

9. Bushire and Gulf Ports.

It is reported that the military detachment in Dashti and Dashtistan has disarmed the peasantry of that district, and, with the help of Reza Quli Khan, chief of Ziarat, has disarmed the districts from the Giskan to the furthest end of Dashti.

10. Azerbaijan.

(i) Reference Summary No. 15, paragraph 7 (iii). It is reported that an officer was shot in Tabriz for suspected complicity in connexion with the fire at the Government ammunition depot in June.

(ii) Recently, sixty men of the Djelali tribe, who were being migrated from Yam to Khalkhal and Ardebil, revolted and killed most of their military escort. Troops were despatched from Tabriz and these killed all those who were responsible for this affair.

(iii) On the 20th August a cloudburst caused torrents and landslides, which damaged over seven miles of the Julfa main chaussee—reconstruction was immediately commenced. Three days later a further cloudburst occurred in the vicinity of Ordabad, on the Baku-Julfa railway line, which caused much damage and involved a loss of 180 lives.

(For the Military Attaché (away on tour)).
G. T. HAVARD, *Oriental Secretary*.

Gulhek, September 23, 1931.

[E 4964/328/34]

No. 100.

Mr. Dodd to the Marquess of Reading.—(Received October 1.)

(No. 534.)

My Lord,

Gulhek, September 22, 1931.

I HAVE the honour to inform your Lordship, in continuation of my despatch No. 483 of the 9th September, that the Russo-Persian Treaty of Commerce has not yet been signed. In fact, a fresh and serious difficulty has arisen, Moscow having demanded twenty-five amendments to the import quotas according to my information, and I hear that the Persian Government, in view of the Minister of Court's absence, are extremely embarrassed to know what to do.

2. The negotiations are being kept very secret, and it seems impossible to obtain any reliable information even on points which are said to have been settled some time ago, as, for instance, in the case of the sugar monopoly, which is reported to have been definitely promised to the Russians. The Belgian Minister's information tallies with my own on this subject, and it will be remembered that the Minister for Foreign Affairs did not refute the accuracy of this piece of news at my interview of the 7th September. The Director-General of the Customs, however, told the commercial secretary yesterday that it was incorrect, various import licences having recently been granted to other than Russian importers in respect of the six months June–December.

3. M. Dekerkheer also does not think that the Russians have been guaranteed as much as 50 per cent. of the total import quotas. Mr. Lingeman, on the other hand, learns that the chief broker of the Russian trade agency "Sharq" has been telling his friends that the Russians were preparing to monopolise 75 per cent. of the Persian import trade, which seems to corroborate the information contained in paragraph 10 of my despatch under reference. It is most unlikely that the Russians would make application for import licences unless they were certain of obtaining them.

4. My conversation with Feroughi on the subject of this draft treaty has had one interesting result. His Highness sent Jallal, the head of the English section of his Ministry, to see me on the 14th. Feroughi obviously thought that I had been unreasonable, as he apparently had no intention of offering the Russians facilities which he must withhold from British interests. If the treaty should allow the Russians to balance their trade with Persia monthly, there was no reason, Feroughi had said, why a like arrangement should not be concluded with British firms. I promptly enquired whether (a) British firms would be allowed to import before exporting, and (b) their individual guarantee to balance their trade within the month would be accepted without the endorsement of His Majesty's Government. Jallal is notoriously vague, and he did not really know, but he believed that the answers to both these questions would be in the affirmative. I asked him to let me have confirmation of both these points, as also of the fact that the trade balance was to be established on a monthly basis. The commercial secretary, with my consent, has since put up certain practical proposals to Jallal, which he describes in the attached memorandum. The Persian Government would certainly seem to be showing a gratifying desire to meet our claims to equality of treatment with the Russians as far as possible.

5. The rest of my interview with Jallal was concerned with a discussion, which I initiated, of the views of His Majesty's Government regarding the

illegality of the Trade Monopoly as set out in your despatch No. 493 of the 27th August last. Jallal fell back upon the excuse of a national emergency, and explained the latter as being due to the aggressive trade policy of the Soviet Government. So long as that policy endured, so long would the emergency endure. It is interesting to note in this connexion that the Shah, in a statement to the merchants of Tabriz, alleged that he had given strict orders that the monopoly should *always* remain in force, in spite of the fact that an agreement with the Russians is said to be in sight. I do not think, however, that too much importance need be attached to His Majesty's statement, as the Persian Government's propaganda in favour of their industrial policy is not necessarily based on the certainty that the monopoly can be maintained over a long period of years. The nature of this propaganda is well illustrated by the case of a German established in Tehran, who ordered in Germany a small plant for the manufacture of oxygen in Persia, on the formal assurance of the Ministry of Economics that the Council of Ministers would undoubtedly exempt him from the obligation of exporting Persian produce in return, as well as from payment of customs duty. The Council of Ministers, however, turned down his application to benefit by these privileges, on the grounds that Persia was in no special need of oxygen, whilst the only comment of the Ministry on this decision was that he would not have ordered the plant unless they had given him all the assurances he asked for!

6. Jallal enlarged on the opinion which Feroughi told me on the 7th September he entertained on the subject of the Tariff Autonomy Treaty. His Highness had apparently told Jallal he firmly believed that there would have been no necessity for the monopoly law as a defence against Russian policy had the Persian Government been free to raise the Persian tariff against specific imports. Feroughi alleged that he had repeatedly made representations to Sir Robert Clive in this sense, begging that the Persian Government might be released from the bonds imposed upon them by the Tariff Autonomy Treaty (see in this connexion my telegram No. 155 of the 20th July, in which Teymourtache's observations to the German Minister are reported). I enquired of Jallal whether these representations had been made orally or in writing, as I was anxious to find some record of them in the Legation archives—which I have been unable to do. Jallal promised to obtain details from Feroughi and let me know, which he has not done hitherto. I told him that I had no knowledge of these representations ever having been made. Indeed, Sir Robert Clive had told me in conversation that, had such representations been made to him, he thought they might have been favourably received by His Majesty's Government. I added that I had heard of attempts to impute to His Majesty's Government the blame for the monopoly, but that I was personally certain that it had come as a surprise to His Majesty's Government and the Legation.

7. I think it will be clear from the enclosure to this despatch that this conversation has done some good, and I venture to request your comments by telegram on the method of approach recorded therein.

Copies of this despatch and enclosure are being sent to the Government of India, His Majesty's Acting High Commissioner for Iraq, and to the Department of Overseas Trade.

I have, &c.
(For the Chargé d'Affaires).
L. BAGGALLAY.

Enclosure in No. 100.

Memorandum by the Commercial Secretary on the privileges demanded for British trade to offset those to be accorded to Russian interests under the Russo-Persian Commercial Treaty.

(Confidential.)

OUR ignorance of the exact conditions under which it is proposed that Russo-Persian trade should be conducted in the future made it a little difficult to put up any concrete proposals to the Persian authorities, but it was felt that the interest which the latter were evincing in the possibility of meeting the British claim to equality of treatment with the Russian trade agencies should not be allowed to wane. Another major difficulty consisted in the impossibility of

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claiming equality of treatment with the Russians in every particular, but Mr. Dodd pointed this out to Feroughi in his interview of the 7th September, the reason being a very simple one: that British trade was not a monopoly of the State, as in the case of Russian trade.

2. I had been given to understand that the Russians had finally agreed to export Persian products before importing their own goods; that the Persian customs would wire the value of the shipment to Tehran, and that Tehran would immediately wire back authorising the clearance of Russian goods to an equivalent value. Hence, I argued, the need to guarantee the Russians certain percentages of the import quotas that interest them, as the Russian goods would have to be ready in the customs if the two operations of export and import were to take place almost simultaneously—and it is obvious that the Russians would need to know what goods they might ship to Persia in advance.

3. The most essential point was to ascertain whether or not the Russians had guaranteed in return that they would take up 100 per cent. of the quotas assigned to them. Given Teymourache's anxiety to make sure that the Russians would continue to provide Persia with a large proportion of her requirements in the way of foreign goods—in order to make equally certain that they would take Persian products in exchange, given the observance of the principle of the trade balance—I felt justified in assuming that the Soviet Government had been prevailed upon to give the required assurance, all the more that the reported grant to the Russians of the monopoly of the import of sugar into Persia seemed to be in the nature of a bribe. If this assumption was correct we were faced by a very serious practical difficulty, as it would not be possible for importers of British goods, when percentages of given quotas were earmarked for them, to give an effective guarantee that they would take them up *in toto*, particularly in lines in which the Russians compete. Such importers might find, when the time came to put in their applications for licences, that the import of these goods would involve them in a loss, with the result that they would very naturally prefer to sit tight. The manager of one British firm whom I consulted on the subject entirely agreed with this point of view.

4. When Jallal, the chief of the English section of the Ministry for Foreign Affairs, asked me to go and see him this morning I was ready with the following proposals: As British firms do not handle more than a small percentage of the total British imports into this country, and British manufacturers and shippers who work through Persian agents would probably prefer to continue their present arrangements, I stipulated that these proposals should be applicable to all importers of British goods, on the pretext that I did not wish to cut out reliable Persian firms from the import business. Jallal readily agreed—

- (a) That the Persian Government, having set aside certain percentages of their import quotas for the Russians, should do the same thing for British goods. I suggested, as the more prudent course, that this should only affect those quotas of which the Russians had been given a part in case the relevant percentages were to be determined on the basis of the imports of recent years, as this principle, were it applied to all commodities, might prevent us from bettering our position in other lines at the expense of our competitors, *e.g.*, in the case of dyes. I pointed out at the same time that serious complications would arise in the event of the Russians being guaranteed a larger percentage of future imports than they had obtained in recent years. If, for instance, the Russians had been supplying 50 per cent. of the imports of a given commodity, the British Empire 40 per cent., and other countries 10 per cent., and the Russians were now guaranteed 60 per cent. of the quota, we would still consider ourselves entitled to 40 per cent. as heretofore; but, in that case, there would be nothing left for other suppliers. Cases might also arise where we should be left with a very much smaller percentage of the trade than we had enjoyed in former years. Jallal, in his most naïve fashion, suggested that the solution was an easy one; we and other suppliers would share what was left of any given quota, after the Russians had been given satisfaction, in the proportion of last year's imports. I said that that could be gone into later, as I felt that it was no use trying to eliminate all difficulties at this preliminary stage. The simpler the system

seemed to be, the more it would commend itself to the Persian Government. Moreover, it must first of all be understood, and it was only by dint of repetition and lengthy explanations on my part that Jallal eventually grasped my meaning.

- (b) That importers of British goods should be given a time-limit of three to four weeks in which to take up the British quota. They could not be expected to guarantee to take it up in its entirety, and I think I eventually succeeded in making Jallal understand the reasons why. Any part of the British quota which was not taken up within the time-limit could be made available for other importers.

Jallal was greatly fussed with the delay I was asking for, as other importers, he said, must be given an opportunity of taking up the unrequired portion of the British quota. I pointed out that this point also could be gone into later. If the Licensing Commission took three months to consider applications for import licences, then four weeks' grace was not too much to expect on behalf of British interests. If the commission allowed itself two months, we would probably be satisfied with three weeks, and so on. Jallal in the end agreed.

- (c) In order that the Persian Government should make quite certain that importers of British goods would export Persian products to an equivalent value, I suggested that the imports should not be cleared through the customs until the export certificate was produced. (This would have the advantage of doing away with any need for the Persian Government to ask His Majesty's Government to guarantee individual importers of British goods, a proposal which would undoubtedly prove distasteful to His Majesty's Government and which they could certainly not agree to in a large number of cases, particularly where the importer was of other than British nationality.) Jallal, however, saw no necessity for such an arrangement. He stated that the Russians would be allowed to import before they exported, but they must export before the end of the month; if they failed to do so, they would not be allowed to import until the balance of trade had been established. I said that it would make little difference to importers of British goods whether they were called upon to supply export certificates at the time they cleared their goods or a bit later in the month. I was merely making a suggestion which represented an improvement on the arrangement which the Persian Government had arrived at with the Russians.

- (d) Jallal, as expected, made great play with the fact that the Russians were ready to guarantee that they would actually import goods to the full value of their quotas, whereas the Persian Government could not even be sure that importers of British goods would bring in the imports for which they had secured licences. I said I saw no reason why they should not undertake to bring out and clear their goods within six months, and when he asked me what would happen if that guarantee were not honoured, I said I would go so far as to suggest that they should also undertake to provide the Persian Government with an export certificate to the value of the imports applied for, whether they were actually brought in or not. (In practice the merchant who applies for an import licence is definitely out to bring his imports into the country, and he is hardly likely to fail to do so.)

5. Throughout I insisted on the fact that I was attempting to put forward practical proposals, and in order that they should be acceptable to the Persian Government I had considered their point of view just as much as our own. Fortunately, Jallal seemed fully to realise that it would not be in the interests of Persia if we were to leave the Russians in undisputed possession of the market. I also emphasised the fact that I had evolved these proposals myself with the general approval of His Majesty's Chargé d'Affaires. The Foreign Office and Board of Trade might very well hold very different views on the subject. Jallal said that he quite understood and would seek Feroughi's agreement to the principle on which I had based my suggestions. If both His Majesty's Government and the Persian Government agreed, we could go into the details of the scheme. Jallal has since informed me on the telephone that he had discussed the

matter with the Minister, who was anxious to have my views on paper (which I will do to-morrow with suitable reservations) as he wished to discuss them personally with Yasai, the Director-General of the Department of Commerce. Jallal added that they were most anxious to stimulate competition among importers, and would do all they could to achieve their object, which sounds hopeful.

6. I have discussed the scheme which I have outlined above with the acting chief manager of the Imperial Bank, who considers it workable. It might need to be altered were the terms of the Russo-Persian agreement to differ from those which Jallal described to me. As already mentioned, the chief difficulty in putting these suggestions into practice is to be expected from the division of the import quotas, and special importance attaches therefore to the negotiations now being conducted between the Russian trade representative and the Department of Commerce for the fixing of the Russian percentages. I hear very confidentially and on the best possible authority that nothing has been finally decided as yet, no import licences having been given to the Russians in respect of the first six months of the economic year, the 76 per cent. (*which excludes sugar and tea*) mentioned in paragraph 10 of Tehran despatch No. 483 of the 9th September representing presumably the sum total of the Russian demands. Agreement has, however, been reached on the first fifteen items. These include the following articles in which we are interested:—

	Russian Imports in 1930-31. Percentages.	Russian Demands for 1931-32. Percentages.	Granted by Persian Government. Percentages.
Cotton piece-goods ...	53	80	60
Thread (202) (cotton) ...	82	64	50
Leather ...	32	88	40
Alcohol (pure) ...	97	69	60
Candles ...	36	87	20
Perfumed soap ...	44	87	20
Metal goods (305-335) ...	13	80	65

7. On the whole the Persian Government would appear to be resisting the Russian demands, so that it is not surprising to hear that there is trouble brewing in Moscow. (It should be noted that the imports of metal goods in 1930-31, of which the Russians supplied 13 per cent., include the very large imports of the Anglo-Persian Oil Co., whereas the latter are excluded from the 1931-32 quota.)

8. Where sugar is concerned I think there is no doubt that a monopoly will be given to the Russians, Teymourache justifying it on the grounds that the Persian Government have found it impossible to stop smuggling in the south. The Director-General of the Customs denied the truth of this report in conversation with me some days ago, basing himself on the issue of import licences to a value of 1·8 million rials on account of sugar in other than Russian hands, but I have since learnt that this is an exceptional measure intended to allow importers to clear stocks already in the customs.

9. According to the statistics I have just obtained from the Customs Administration, British imports showed a welcome increase, from 38 per cent. to 45·5 per cent. of the total, although their sterling value fell from £6·1 to £5·8 million. Russian imports represented 28·9 per cent. of the total as compared with 30 per cent. the year before, their value falling from £4·7 to £3·7 million. I will emphasise this point in the course of an interview I am to have with Yasai to-morrow.

E. R. LINGEMAN,
Commercial Secretary.

Gulhek, September 23, 1931.

[E 5066/439/34]

No. 101.

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 583.)

Sir,

Foreign Office, October 8, 1931.

WITH reference to your telegrams Nos. 208 and 214 of the 21st and the 28th September, relative to the best method of approaching the Persian Government officially with a request for permission for Imperial Airways (Limited) to operate a practicable air route across Persia after March 1932, I transmit to you the accompanying copy of a letter from the Air Ministry enclosing a copy of a memorandum prepared in accordance with your request by Imperial Airways to show the reasons for which the proposed Central Persian air route is impracticable for a commercial air service.

2. There has not been time, before the departure of the bag, for a detailed examination of the terms of this memorandum. If, however, you consider its terms suitable, you may communicate it officially to the Persian Government. If, on the other hand, you consider that it requires amendment before communication to the Persian Government, you should indicate briefly by telegram the nature of the amendments which you consider desirable.

I am, &c.
READING.

Enclosure 1 in No. 101.

Air Ministry to Foreign Office

Sir,

Air Ministry, October 7, 1931.

WITH reference to Foreign Office letter of the 26th ultimo, I am commanded by the Air Council to forward for the information of the Secretary of State for Foreign Affairs a copy of a memorandum drawn up by Imperial Airways (Limited) setting forth fully the reasons why the Central Persian route indicated by the Persian Government is quite impracticable for operation in connexion with the regular air service to India.

The Council concur in the views expressed by Imperial Airways (Limited) and agree that the memorandum can be communicated to the Persian Government.

I am, &c.

(For the Secretary),

T. G. L. BERTRAM.

Enclosure 2 in No. 101.

Imperial Airways to Air Ministry.

CENTRAL PERSIAN ROUTE.

Sir,

October, 7, 1931.

I AM directed to refer to the corridor specified by the Persian Government through which my company's aircraft must pass in traversing Persia after the termination of the present authorisation in March 1932. The route is as follows:—

From the frontier at Ali Gharbi to Dehloran along the Karun River to Salar. Across the Bakhtiari Mountain Range, thence down the River Zinda Rud to Isfahan. In an east-south-easterly direction across the plateau to Yazd, south-easterly across the desert to Kirman. By the Kuh-i-Jupar Mountains over the

[6751]

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plateau south-easterly to Bam. Across the Kirman Desert to Iranshar (Bampur), thence southerly over the desert and Bagrab Range out to the Persian Gulf at Gwadar (Gwatar Persian frontier).

Distances :—			Miles.
Bagdad-Isfahan, via Amara—			
Bagdad-Amara	...	...	200
Amara-Isfahan	...	...	320
Isfahan-Yezd	...	...	180
Yezd-Bam, via Kirman	...	...	330
Bam-Gwadar, via Iranshar	...	...	365
Total	...	...	1,395

A contour map of this corridor shows that the first 150 miles is at right angles to a series of mountain ranges rising to 10,000 feet—a type of country that continues north-west and south-east for many hundred miles. It is a type of country that would be avoided, if at all possible, for the operation of any air service. Mountainous country limits the opportunities of making forced landings safely where there are no prepared landing grounds and renders the preparation of emergency landing grounds difficult or impossible. Mountains always produce disturbed air conditions and frequently entirely different weather on one side of a range from that on the other. The presence of low cloud and fog in such country introduces a very serious risk of running into the side of a mountain, and snow in winter may lead to errors in navigation, owing to the difficulty of identifying land-marks on the route.

The passage of the Bakhtiari Mountains is rendered all the more difficult and dangerous owing to the absence of wireless or telegraphic communication. In view of the mountainous nature of the country, flying over such a route regularly on a public service would be taking an entirely unjustifiable risk in the absence of satisfactory communications.

The fact that aircraft would have to fly at an altitude of over 10,000 feet in summer heat involves a reduced pay-load of the aircraft and so also detracts from the commercial possibilities of the route.

We are not unmindful that the Persian Junkers Company regularly flies from Bagdad to Tehran and from Tehran to Bushire. On the Bagdad-Tehran route they have an easier passage through the mountains, and on both routes they at least follow a road and telegraph line and are able before the commencement of a flight to ascertain the weather conditions at their destination.

The country from Isfahan to Yezd and again from Yezd to Kirman, following the road, does not present the same topographical obstacles as the Bakhtiari Mountains, but between Isfahan and Yezd there is no wireless or telegraphic communication.

From Kirman to Bam and Iranshar the country is again mountainous, and there is no wireless or telegraphic communication between Bam and Iranshar. From Iranshar to the Persian border the country is topographically difficult from an air-line point of view, although not as high as that part of the route further north-west, and there is no wireless or telegraphic communication.

The weather to be expected throughout the year along this corridor is variable and, apart from all other considerations, an extensive meteorological reporting service, which at present does not exist, would be necessary if the route were to be operated with that degree of safety that has come to be expected in international air services. It was already known, and has since been confirmed by our expert technical representative who, with the approval of the Persian Government, recently surveyed part of this route, that very disturbed air conditions are found in the mountain districts, and he, with fifteen years' flying experience, describes the bumps as almost without parallel.

Apart from the telegraphic communications that are necessary in connexion with meteorological and navigation messages, route communications are essential for the safe operation of an air service. While it is doubtless possible, although with considerable delay, to forward the necessary supplies of fuel, oil, &c., to the regular stopping places on the route, it is also essential that, if an aeroplane is forced through weather, mechanical defect or other cause, to land at intermediate places, the necessary assistance shall be able, without any delay, to reach it.

On certain sections of the specified corridor, notably between Salar and Isfahan, and Iranshar and Gwadar, such succour appears to be almost impracticable. While, therefore, it seems to be not impossible to fly an aeroplane over the specified route it nevertheless appears to be entirely impracticable to maintain a regular weekly commercial air service by this route, on the score of :—

- (i) Difficult topography.
- (ii) Uncertainty of the climate.
- (iii) Absence of communications.
- (iv) Restrictions on pay-load that would be imposed by the altitude at which the aeroplane would need to fly.
- (v) The cost and difficulty of providing aerodromes and necessary passenger accommodation.

This conclusion would apply equally to any corridor passing from north-west to south-east or from west to east across the mountainous country bordered by Isfahan on the north and Firuzabad on the south and Bam in the east.

I am, &c.

H. BURCHALL,

Assistant General Manager.

[E 5930/3729/34]

No. 102.

The Marquess of Reading to Mr. Dodd (Tehran)

(No. 596.)

Sir,

Foreign Office, October 15, 1931.

WITH reference to Mr. Edmonds's despatch No. 166 of the 16th April, 1929, regarding the Turco-Persian frontier, I transmit to you, for your information, the accompanying copy of a note, dated the 9th April, 1929, from the Turkish Minister for Foreign Affairs to the Persian Ambassador at Angora, which has been forwarded to this Department by His Majesty's Embassy in Turkey, giving the terms of the frontier agreement of that date between the Turkish and Persian Governments.

2. Considerable difficulty has been experienced by His Majesty's representative in Turkey in obtaining the text of this agreement from either the Turkish or the Persian authorities, and it is only recently that it has been possible to procure the enclosed document from the Turkish Ministry for Foreign Affairs.

I am, &c.

READING.

Enclosure in No. 102.

Turkish Minister for Foreign Affairs to Persian Ambassador, Angora.

M. l'Ambassadeur,

Angora, le 9 avril 1929.

PARTICULIEREMENT heureux de ce que nos conversations tendant à régler la question de la frontière turco-persane et à donner ainsi son plein effet au traité d'amitié conclu entre nos deux pays aient abouti à un accord, j'ai l'honneur de soumettre ci-après à votre Altesse les termes de l'arrangement intervenu, tout en la priant de bien vouloir me confirmer par une note responsive l'adhésion du Gouvernement impérial aux dispositions dont il s'agit :

1. La frontière entre la Turquie et la Perse est fixée comme suit :

De l'Aras jusqu'au Petit-Ararat et la borne No. 37 de l'ancienne frontière turco-russe, la frontière turco-persane sera la même que la frontière russo-persane telle qu'elle était en 1914. De là, suivant la ligne du partage des eaux, elle passe par les monts Betchera et arrive à Karni Yarik. De Karni Yarik, jusqu'à un point situé entre les villages de Cheitan Abad (Perse) et Guerboran (Turquie), la délimitation sera faite suivant les dispositions de l'article 3, étant entendu que les villages de Kozlou-Keuy et Yarim-Kaya resteront à la Perse. De ce point situé entre le village persan de Cheitan Abad et le village turc de

[6751]

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Guerboran à l'ouest de Bazerguan et suit le partage des eaux entre les villages turcs de Gordji Boulak, Nazik et Kara Koymaz et les villages persans de Bazerguan, Kedjat, Bachkindi et Marekeumou; puis traverse le col situé entre Marekeumou et Tavla (turc), et laissant en Perse les ruines de Kasorlou et Cheikh Asker, arrive aux rochers de Kodja Dag, passe par les crêtes de Zindo-Dachy, Akdagh et de Kanly-Baba, laissant à la Perse le village Djauser et passant par les crêtes de Akdagh et Kalender, sépare les champs des villages persans Nifto, Salman Abad et Pir Ahmad de ceux du village turc Deuchurma et, suivant toujours le partage des eaux entre Bayazit et Avadjik, atteint Khezineh Guedouk.

De Kcsineh Guedouk la frontière, laissant le village Kizil-Kaya à la Turquie et le village Silo-Magul ainsi que le lac Kourou-Geul à la Perse, passe par le mont Kara Guney, traverse la rivière Egritchai à Topak Dag, passe par Kala Akdagh, laisse le village Nado à la Perse et celui de Egritchai Bekirkindi à la Turquie, atteint les monts Kizil Ziarat et passe par les cols de Akdagh et Khan Oudouk, les monts Sari Tchemène, Doumanlou, le col de Kara Bourga, laissant les villages Cheikh Soulou en territoire persan, passe par le mont Naour, laisse en territoire persan le village Ikmali, passe par Rechkan, les collines entre Tavra et Akhourek, Bavra Beyzadan, Gavri Nahine et Khidir Baba.

De Khidir Baba jusqu'au mont Sourava, la délimitation sera faite suivant les dispositions de l'article 3. Des monts Souravant la frontière, suivant continuellement le partage des eaux, passe à Baroch Horan (en laissant en territoire persan le village de Boroch Horan), suit la montagne de Haravil, Hanesour Guedouki, Beleko Chinetal (en laissant en territoire persane le village Kaslik), Goulampi Dag, Kepper, Sorian, Perikhan, Keifarok, Meidan et Koutoul Dag.

De Koutoul Dag jusqu'à la colline située à la distance de près de 2 kilom. au nord-est de Hanik (à la Turquie), la délimitation sera faite suivant les dispositions de l'article 3, étant entendu que les villages de Huessin, Behik et Hefser restent à la Perse.

A partir de la colline située à la distance près de 2 kilom. au nord-est du village turc de Hanik, la frontière traverse la vallée de Badjirgué et en passant à l'est de Hanik monte sur la crête de Zerbados, se dirige au nord du village Hadji Khider, passe à l'est du village Bani et, laissant en territoire persan le village d'Erzin, traverse le Nezlitchai, puis passant par le Kalankani Guedouki, Chichal Daghi, Tchelberdi Dag, Kouna Koter, Zinou Taboutan, Halané Guedouki, Gueletchine Guedouki, monte sur le sommet de Delaemper Dag, d'où elle rejoint la borne No. 99 de la frontière turco-irakienne.

2. Une commission mixte d'abornement et de délimitation sera chargée de tracer sur le terrain la frontière décrite à l'article 1^{er}. Cette commission sera composée de représentants de la Turquie et de la Perse à raison de deux délégués pour chaque Puissance désignées avec diligence par les deux Gouvernements. Elle commencera ses travaux au début de juillet 1929 et elle s'efforcera dans tous les cas de suivre au plus près les indications données dans le présent accord. Les décisions de la commission seront prises à l'unanimité et elles seront obligatoires pour les deux parties.

Les dépenses de la commission seront supportées par la Turquie et la Perse à parts égales.

3. En ce qui concerne les zones litigieuses réservées dans la nomenclature de l'article 1^{er}, c'est-à-dire la délimitation des parties située entre :

- (a) Karni Yarik jusqu'à un point situé entre les villages de Cheitan Abad (Perse) et Guerboran (Turquie), étant entendu que les villages de Kozlou-Keuy et Yarim Kaya resteront à la Perse;
- (b) Hidir Baba jusqu'au mont Sourava;
- (c) Koutoul Dag jusqu'à la colline située à la distance de près de 2 kilom. au nord-est de Hanik (à la Turquie), étant entendu que les villages Huessin, Behik, et Hefser restent à la Perse;

La commission procédera de la manière suivante :

Pour le tracé des parties litigieuses la commission s'efforcera de trouver une solution satisfaisante pour les deux parties et elle la soumettra à l'approbation des deux Gouvernements. Dans le cas où un accord n'aurait pu être réalisé à ce sujet, un procès-verbal sera dressé par la commission et soumis sans délai à la

décision des deux Gouvernements, qui conviennent, d'ores et déjà, de s'adresser d'un commun accord à son Excellence M. le Président du Comité exécutif de l'Union des Républiques soviétiques socialistes, pour la prier de trancher le différend par décision arbitrale. Cette décision sera obligatoire pour les deux parties et la commission d'abornement achèvera son travail d'après les indications de la sentence arbitrale.

4. Un procès-verbal en langue française ainsi qu'une carte de délimitation seront dressés par la commission au terme de ses travaux et ce document fera foi en ce qui concerne le tracé de la frontière turco-persane.

Veillez, &c.

Dr. T. RUSTU.

[E 5182/4975/34]

No. 103.

Mr. Dodd to the Marquess of Reading.—(Received October 16.)

(No. 552.)

My Lord,

Tehran, October 6, 1931.

WITH reference to my despatch No. 514 of the 21st September, regarding the new regulations for the flying of foreign flags in Persia, I have the honour to transmit to your Lordship herewith a copy of a circular note addressed by the Persian Ministry for Foreign Affairs to foreign missions in Tehran. The regulations as contained in this circular are to all intents and purposes the same as those contained in the enclosure to my despatch under reference.

2. I have sent a copy of this despatch and its enclosure to the Government of India and to His Majesty's consuls in Persia.

I have, &c.

CHARLES DODD.

Enclosure in No. 103.

Persian Ministry for Foreign Affairs to His Majesty's Legation.

(Translation.)

Circular memorandum :

Mehr 3, 1310 (September 26, 1931).

AS each of the diplomatic and consular establishments and foreign nationals in Persia are acting in different ways with reference to the hoisting of flags, and with a view to removing all grounds for any possible misunderstanding, the Ministry for Foreign Affairs has the honour to bring to the notice of the foreign Legations in Tehran the arrangements in force regarding the hoisting of foreign flags in Persia :—

1. Foreign nationals and institutions may, on their official and national holidays, hoist their national flags on the front of their buildings (" façade de la maison ") from morning till sunset, provided that, in the view of the local officials, it will not be disturbing to public order.

2. The hoisting of the flags of foreign Governments on vertical flagstaves above buildings is exclusively reserved to foreign Legations and consulates which hoist them ordinarily on the occasion of official Persian festivals, their own annual official festivals and on other holidays.

3. The hoisting of foreign flags on flagstaves planted in the ground is strictly prohibited.

(Sealed)

Ministry for Foreign Affairs.

Mr. Dodd to the Marquess of Reading.—(Received October 16.)

(No. 555.)

My Lord,

Gulhek, October 6, 1931.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 525 of the 15th September regarding the flying of flags by the officials of the Imperial and International Communications Company in Persia.

2. With regard to the question of the Persian law on this subject, my despatch No. 514 of the 21st September will have shown that the Persian Government have now issued regulations limiting the occasions on which and the manner in which foreign nationals may fly the flags of their country, but not forbidding the practice altogether. I have now received from the Ministry for Foreign Affairs, and am transmitting to your Lordship separately, the text of these regulations as communicated to all foreign missions in Tehran. They are to all intents and purposes identical with those communicated to your Lordship in my despatch No. 514. There is no pretence that this regulation rests on any basis in Persian law and it seems doubtful whether the Persian law courts could, on strictly legal grounds, uphold it. But the Persian authorities are not yet capable of comprehending the administration of a State under strictly legal relations and in any case, in the event of resistance, a law could be passed through the Majlis in a few days granting the necessary powers.

3. I note that the proper flag to be flown by the company's officials is the Union Jack. I shall, however, be glad to receive your Lordship's further instructions upon the point raised in paragraph 8 of my despatch No. 514 as to the company's status. Upon these instructions will depend the category to which the company must be assimilated in the Persian regulations; that is, whether they must, like private persons, restrict the flying of their flags to national holidays and display them only on the fronts of their buildings, or whether, like consular officers (according to the Persian view) they must, or at least should, restrict the flying of their flags to national holidays, but with permission to hoist them on poles over their buildings, or whether, like consular officers (according to the British view—assuming that view can be sustained) they may fly their flags unrestrictedly.

4. In this connexion I have the honour to enclose a copy of a despatch from the Acting Political Resident at Bushire regarding the position of the company's flagstaffs at Jask, Henjam, Charbar and Bushire. It will be seen that, with the exception of Charbar, the flags are flown from flagstaffs planted in the ground which, according to the Persian regulations, is forbidden to all foreign nationals and institutions without distinction, and that at Charbar the flag is flown from a pole over the building, which is forbidden to all but foreign diplomatic missions and consulates.

5. I venture to add that if any distinction is to be made between the company and any other private person or institution, I shall have to adduce very strong arguments in support of this contention, as the Persian Government are unlikely to be impressed by such considerations as that the company are the agents of His Majesty's Government (compare the draft Telegraphs Agreement) who hold a monopoly from the Government of the United Kingdom, are controlled by that Government and render a service of public utility not only to the United Kingdom but internationally to other States, including Persia herself. The principal motive for pressing for the withdrawal of the Indo-European Telegraph Department was, after all, the dislike of the presence on Persian soil of a foreign State institution conducting a public utility service; and an affirmation that the Imperial and International Communications Company enjoy official status will hardly be met by the Persian Government without protest.

6. I should also explain that in paragraph 3 above I have quoted the Persian regulations as regards the flying of flags by consulates merely by way of comparison. The performance of quasi-consular functions by the officials of the company has been the cause of frequent complaint by the Persian Government during the past year (see paragraph 1 of my despatch No. 419 of the 6th August) and my comparison is not intended in any way to refer to, or to affect, this question. If at any future time officials of the company are entrusted with consular functions by His Majesty's Government and recognised in their consular capacity by the

Persian Government, these officials will presumably be able as individuals to fly the consular flag, but the position of the company will not in any way be altered thereby.

7. I also note that, in your Lordship's opinion, there is no ruling of international law or usage under which objection could be taken to the flying of flags from masts planted in the ground, as opposed to flags flown from roof-tops. In paragraph 5 of my despatch No. 514, which has crossed your Lordship's despatch under reference, I have asked for detailed instructions in view of the fact that the Persian Government have now laid down a definite ruling on this point; and as the Persian Government are unlikely to be swayed by appeals to mere common-sense I should be grateful if I might be furnished with these.

8. It may perhaps be of interest to invite your Lordship's reference to clause 7 of the draft lease of the Isle of Tamb provisionally approved by the Sheikh of Ras-el-Khaima (please see the enclosures in Foreign Office despatch No. 313 of the 4th June, 1931, namely, Bushire despatch No. 252-S to the Secretary of State for India and No. 251-S to the Foreign Secretary to the Government of India of the 11th May, 1931). In that clause the condition is specifically stipulated that, if the Persian authorities have occasion to fly the Persian flag on the isle, it is to be flown from a building and not from a mast planted in the ground. Here it seems clearly to have been a desire to preserve his political sovereignty over the isle that moved the sheikh to make this distinction. And I believe that in Persian eyes a British flag planted on Persian soil is regarded as an attempt to assert some sort of political sovereignty, to keep alive a tradition of past usurpations, to perpetuate the spirit of the old relations between the two Governments in which scant regard was paid to Persian sovereign rights. The British flag is, if I am right, regarded here not so much as the innocent emblem of the British subjects' nationality as an affront to Persian susceptibilities, which the present régime of national independence and consolidation has not yet had time to bury with the past conditions which aroused them. It is the flag to which slaves have fled for protection and manumission—under which thousands of Persians have taken bast in refuge from their own authorities. Flown from the ground, the flag conjures up in the modern Persian pictures of all these humiliations, flown from the building, it could be tolerated—since the humiliation, if any would be on the side of the British authorities who may no longer plant it on Persian soil. There it could be accepted as marking merely the nationality of the occupier, as in the case of other nationalities round which such memories do not hover. Some such explanation is the only one which I can find to account for a demand which otherwise would seem too puerile, even for such primitive mentality as the modern Nationalist Persian.

9. Should it be considered that there are good reasons of policy for continuing the existing custom in respect of the flying of flags at the Imperial and International Communications Company's stations on the Persian Gulf coast, I venture to make the tentative suggestion that, rather than abandon the custom, the Persian flag should be flown side by side with the Union Jack. This innovation might conceivably be welcomed, even by the Persians, as the international compliment which it in fact would constitute. It would mark the common interest which both States have in the public utility service rendered by the Imperial and International Communications Company, and, subject to the views of the Political Resident, I do not suppose that it would lower British prestige in the eyes of the Arabs to any appreciable extent. It seems to me to be a compromise which might be suggested to the Persian Government should they become insistent in pressing their demands.

10. As for consular flags, I am awaiting the reports from His Majesty's consular officers for which I have called. Until I receive them, I can hardly make recommendations as to the policy to be adopted towards the demands of the Persian Government, supposing that your Lordship advises me that international law affords good grounds for resisting them. It may well be that in some jurisdictions His Majesty's consular officers may be of the opinion that compliance will mean a severe blow to British prestige, which every endeavour should be made to parry. Up to the present the Governor of Seistan is the only local authority reported to me as having made representations to His Majesty's consular officer under paragraph 4 of the circular of the Ministry of the Interior, a copy of which was enclosed in my despatch No. 514 of the 21st September.

11. The question has not yet been considered by the Diplomatic Corps as a body. For other countries, however, it has far less significance, especially in the provinces.

12. I have ventured to write at what may perhaps seem excessive length upon this question. But the flag has always been an emblem to which the deepest sentiment attaches and any affront to it strongly resented. With my at present incomplete information on this many-sided problem, I prefer, as I have indicated above, not to make any recommendations as to the policy to be pursued, which might prove to be premature. The question cannot be considered in isolation or as merely formal. For the manner in which His Majesty's Government treat the Persian Government's demands in respect of it may be taken by the latter as emblematic of all Anglo-Persian relations and may have a beneficial or prejudicial influence on Persian sentiment in general. It may not be easy to combine a reasonable defence of the honour of the flag and a politic regard for Persian susceptibilities.

13. I am sending copies of this despatch to the Foreign Secretary to the Government of India and to the Acting Political Resident in the Persian Gulf.

I have, &c.

CHARLES DODD.

Enclosure in No. 104.

Consul-General Fowle to Mr. Dodd.

(No. 131/544-S. Confidential.)

Sir,

Bushire, August 27, 1931.

WITH reference to paragraph 1 of your despatch No. 146, dated the 6th August, 1931, I have the honour to state that the manager, Persian Gulf, Imperial and International Communications (Limited) reports that the flagstaffs at Jask and Henjam are in the company's ground, and that the one at Charbar is on the roof of the company's building. The telegraph flagstaff at Bushire is separated from the group of telegraph buildings by a public thoroughfare and is probably outside the company's ground. I am not certain of the fact, however, and the officer-in-charge here, whom I have approached, has no plan of the company's ground, but I will endeavour to ascertain for certain.

I have, &c.

T. C. W. FOWLE, Major,
*Officiating Political Resident in the Persian Gulf
 and Consul-General for Fars, &c.*

[E 5187/151/34]

No. 105.

Mr. Dodd to the Marquess of Reading.—(Received October 16.)

(No. 557. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copies of Intelligence Summary No. 20 for the period ending the 7th October, compiled by His Majesty's military attaché to this Legation.

Tehran, October 7, 1931.

Enclosure in No. 105.

(Secret.)

Intelligence Summary No. 20 for the Period ending October 7, 1931.

1. General.

(1) HIS Majesty the Shah returned to Tehran on the 27th September. Having seen the Crown Prince off from Pahlavi on the 7th September, the Shah proceeded to Tabriz via Ardebil. From Tabriz he went to Khoi, Salmas, Urumiah, Sanj Bulak, and through Persian Kurdistan to Kermanshah and on to Shahbad (Harunabad), where he possesses a large estate. His Majesty then returned direct to Tehran, having been away from his capital for twenty-two days.

(2) The abandonment of the gold standard in England and the fall in the value of the £ sterling has caused considerable consternation in official circles in Tehran. The official rate of exchange rose from 90 krans to the £ sterling to 67 krans, but after two days reverted to the former value, the banks selling pounds to a limited extent, but not buying. As usual on such questions, several inspired articles have appeared in the local press which demand that Persia should receive in full her gold reserve of some million pounds from England. It is also stated that the selfish action of Great Britain has disturbed the whole world. England is accused of profiteering at the expense of other nations, and their present action is described as "illegal, unfair and cruel."

(3) The Municipality of Tehran, in connexion with the Wagons-Lits Company (Limited), are building a large hotel in the Pahlavi Avenue in order to encourage tourist traffic to Tehran.

2. Persian Officials.

General Abol Hassan Khan succeeds General Mehdi Quli Khan, Taj Baksh, as Governor of Luristan.

His Excellency Mirza Mahmud Khan, Jam, Governor-General of Khorassan, has been granted leave to France in order to place his son at school. Asadi, Mutwalli Bashi of the Meshed Shrine, will officiate as Governor-General.

3. Foreigners.

British Subjects.—Mr. R. H. Hoare, C.M.G., His Majesty's Minister-designate, is expected to arrive in Tehran on the 18th October.

Germany.—Count von der Schulenburg, German Minister in Tehran, left for Berlin on permanent transfer on the 15th September.

Egypt.—M. Ismail Kamel Bey arrived in Tehran on the 26th September on appointment as Egyptian Minister in Tehran.

4. The Majlis.

A Bill supplementary to the Conscription Act of 1925 was passed after some discussion. Under the new law, students, even those possessing foreign or other diplomas or studying as religious pupils, will not be free from conscription. Liability to military service is further extended and exemptions curtailed.

The Majlis thanked the Shah for his act of grace in sending the Crown Prince to Europe.

Complaints were made that, on account of the new Trade Monopoly Law, the price of necessary medicines, especially quinine, was now prohibitive.

5. Military.

(i) The Kerman column, composed approximately of 750 men, has returned to its headquarters in Kerman. These troops, after a long tour in the vicinity of the Shibkuh ports for the purpose of disarming tribesmen, were kept for a short time in Luristan.

(ii) Manœuvres by troops of the Central Garrison will be held in the vicinity of Tehran during this month. These are the first manœuvres ever held by the Tehran Garrison, and some 10,000 troops are expected to take part.

6. *Imperial Bank of Persia.*

The following branch offices, which were not showing a satisfactory profit, have been permanently closed: Kazvin, Birjand, Masjid-i-Suleman.

7. *Quarantine.*

Owing to an outbreak of small-pox in Iraq, in the vicinity of the Persian frontier, travellers entering Persia must be in possession of vaccination certificates dated not less than fourteen days previously.

8. *Security.*

From reports received, it would appear that lawlessness and highway robbery with violence have lately been on the increase throughout Persia.

PERCY C. R. DODD, *Lieut.-Colonel,*
Military Attaché.

Gulhek, October 7, 1931.

[E 5190/328/34]

No. 106.

Mr. Dodd to the Marquess of Reading.—(Received October 16.)

(No. 561.)

My Lord,

Gulhek, October 7, 1931.

AS reported in my telegram No. 222 of the 1st instant, the official kran-sterling and kran-rupee rates were fixed on the 30th September on the official kran-franc rate, varying in accordance with the fluctuations in the London-Paris exchange market. On the 1st October, consequently, the selling telegraphic rate on London stood at 68½ krans to the pound, as compared with 90 previously, and that on Bombay at 507 krans to 100 rupees, in lieu of 666.

2. This decision was imparted to the banks by the Exchange Control Commission in virtue of instructions issued by the Cabinet, to whom it had been pointed out that the continued purchase of sterling at 90 must have the effect of depreciating the local currency, as the silver export point, with silver at 19½ pence, was in the neighbourhood of 85.

3. On the 2nd October, however, the Minister of Finance seems to have realised that in selling at 68½ sterling exchange bought by the Government at 89 he would be losing approximately 22 per cent. The Shah is also reported to have expressed himself very forcibly on the subject where his own exchange transactions were concerned. On the 3rd October, therefore, the banks were instructed to sell sterling on Government account at 90-10, the rupee selling rate being brought back to 666 for Bombay, Basra and Bagdad.

4. The banks, however, were not to buy either sterling or rupees on Government account, the rates for which are free. The two banks, the National and the Imperial—who, I am glad to say, have worked throughout in the closest agreement—are buying on their own account, but very discreetly, at the old official rates.

5. Very few operations have been done in the bazaars on the basis of 94/95 krans to the pound, the premium on the bank rate being due to the fact that the banks are, nominally at all events, only selling to those applicants who have observed the regulations of the Exchange Control Commission. Holders are generally disinclined to sell owing to their confidence in the pound, so that there has been no panic of any sort.

6. The Government, not unnaturally, are highly exercised over the fate of their sterling deposits in Europe. Unfortunately, even those that were placed with continental banks were effected on a sterling basis. The total sum involved is said to be about £4 million. The Tehran press has had a great deal to say on this subject. The "Shafagh-i-Sorkh" of the 2nd October warned its readers that there were no grounds for anxiety, as His Majesty's Government were in duty bound to reimburse the sums invested by the Persian Government in Great Britain on their original gold basis. The other papers have expressed themselves

in a far less optimistic and more recriminatory vein, as, for example, the "Iran," in an article of which I enclose a copy.⁽¹⁾

7. The situation is most anomalous where the Anglo-Persian Oil Company is concerned. The Government have been living on the company's sales of exchange for over a year, and it was practically on that account that the official rate was kept at an artificially high level. Yet the Government now refuse to buy sterling and will only take francs and dollars. The result for the company would be exactly the same: they would only obtain 68 krans to the pound, representing a loss of £10,000 a month, thereby offsetting some of the far-reaching economies recently enforced in Khuzistan. The Resident-Director informs me that, on instructions from his board in London, he has told the Minister of Finance that not being brokers or bankers, the Anglo-Persian Oil Company can only supply sterling. It remains to be seen whether the Persian Government will acquiesce, and authorise the banks to purchase sterling from the company.

8. I am sending copies of this despatch to the Department of Overseas Trade, the Foreign Secretary to the Government of India, and His Majesty's Acting High Commissioner for Iraq.

I have, &c.

CHARLES DODD.

⁽¹⁾ Not printed.

[E 5098/328/34]

No. 107.

The Marquess of Reading to Mr. Dodd (Tehran).

(No. 158.)

(Telegraphic.) P.

Foreign Office, October 16, 1931.

YOUR telegram of the 29th September: Persian trade monopoly.

You may initiate negotiations on lines proposed.

Board of Trade agree that you should not ask for specific import quotas for British goods, but wish to reserve possibility of reverting to this later if, for example, Russian quotas are fixed so high as materially to reduce field open to United Kingdom goods, or if quotas are accorded to any other country than Russia. They suggest, therefore, that arrangement should be recognisably temporary in form, and that His Majesty's Government should not be bound by it for any definite period.

Manchester Chamber of Commerce suggest that, were hardship caused to an importer prevented from using his import licence within six months owing to *force majeure*, e.g., loss of the ship carrying the goods, he should be relieved of his obligations to export and to sell the resulting exchange to the Government. Bear this in mind.

I agree with you that formal representations regarding unconditional most-favoured-nation treatment can be deferred, provided that nothing is said or implied which is open to construction that we are abandoning principle involved. To assert formal rights at present stage might prejudice negotiation of your scheme, which, although not giving equivalent of the benefits granted to Russia, appears to be the best we can hope to obtain in practice for British trade. If negotiations do not lead to a satisfactory conclusion we shall have to fall back on our claim to unconditional most-favoured-nation treatment.

(Repeated to India.)

[E 5242/4540/34]

No. 108.

Sir H. Kennard to the Marquess of Reading.—(Received October 20.)

(No. 152.)

My Lord,

Berne, October 17, 1931.

WITH reference to your Lordship's despatch No. 317 of the 6th instant, I have the honour to report that the Crown Prince of Persia has arrived at Lausanne and is staying with M. André Mercier, Professeur de Droit, Grand Pré, Vennes, who has had important structural alterations made to his house in order that it should be ready for His Royal Highness.

2. The Crown Prince, who is attending a course of studies at the "Ecole nouvelle" at Chailly, is accompanied by his brother. The physician who came with them to Switzerland is also in residence at Lausanne.

I have, &c.
H. W. KENNARD.

[E 5259/18/34]

No. 109.

The Marquess of Reading to Mr. Hoare (Tehran).

(No. 162.)

(Telegraphic.) R.

Foreign Office, October 23, 1931.

MR. DODD'S despatch No. 522 of 21st September: Duzdap Railway.

I approve reply proposed in paragraph 6.

This does not imply that assumption in the second sentence of that paragraph is correct. This further point is still under consideration.

(Repeated to India, No. 36.)

[E 5319/439/34]

No. 110.

Mr. Hoare to the Marquess of Reading.—(Received October 25.)

(No. 240.)

(Telegraphic.)

Tehran, October 24, 1931.

PERUSAL of recent correspondence regarding Henjam, Imperial Airways and Duzdap leads me to submit that air question should be taken up as isolated issue both here (if possible with the Shah) and with Minister of Court in London (I understand he is actually in Paris).

Time is essential factor, but it would be useless to press matter here unless you were prepared simultaneously to tackle Minister of Court and convince him that His Majesty's Government are not prepared to pay any price for even short maintenance of present route.

On his return Minister of Court's hands will probably be full with Russian negotiations, which seem to have reached deadlock, and general stocktaking of his personal position necessitated by three months' absence, so that it would be virtually impossible for me to get him to concentrate on a question with regard to which he would think that he gained rather than lost by procrastination.

I should like you to tell him that for obvious technical and administrative reasons Imperial Airways must know definitely by, say, 30th November, whether prolongation is agreed in principle, and that details must be settled by 31st December. Failing definite agreement by that date other arrangements would be put in hand, either to use route along West Coast if tribal chiefs proved on enquiry to be less averse to modern progress than Persian Government, or for partial substitution of steamships for aeroplanes through the gulf. This decision, if taken, would not be lightly reversed.

With regard to the Shah I would hold similar language. I understand there are some grounds for believing that he is determined not to renew the agreement, regarding it as a potential menace to Persian sovereign rights. Minister of Court's demeanour in the face of categorical representations would probably give better information on this point than I can obtain here, and he is the only person who may be able to alter the Shah's mind. On the other hand, if the Shah's mind is definitely made up, desirability of early decision regarding our future course of action is enhanced.

I understand we have no effective bargaining counters, though Duzdap Railway might be useful for improving terms of settlement if principle of settlement had been accepted.

I hope to present credentials about 2nd November.

(Repeated to India, No. 149.)

[E 4979/841/34]

No. 111.

Foreign Office to Admiralty.

(Secret.)

Sir,

Foreign Office, October 28, 1931.

WITH reference to the conclusions of the meeting of the Middle East Official Sub-Committee held on the 18th August to discuss the position with regard to the naval station at Henjam, in the Persian Gulf, I am directed by the Marquess of Reading to transmit to you, to be laid before the Lords Commissioners of the Admiralty, the accompanying copy of a despatch⁽¹⁾ under cover of which Lord Reading transmitted the record of this meeting to His Majesty's Chargé d'Affaires at Tehran, together with a copy of Mr. Dodd's reply.⁽²⁾

2. Their Lordships will observe that Mr. Dodd is in entire agreement with the conclusion reached by the meeting, to the effect that there is little, if any, prospect, in present circumstances, of a satisfactory arrangement being reached with Persia regarding the lease of Henjam. He feels, moreover, that there is a serious danger lest the Persian Government should force His Majesty's Government by indirect means to withdraw from Henjam as soon as they learn the value of Henjam to themselves, which will presumably be soon after the arrival in the Gulf of the new Persian navy. In these circumstances, Mr. Dodd submits that the preparation of an alternative naval station, at Bahrein or elsewhere, has become a matter of urgent necessity.

3. Lord Reading does not propose at the present stage to consider the further but less important question raised in Mr. Dodd's despatch with regard to the manner in which His Majesty's Government should announce their intention of constructing a naval depot elsewhere than at Henjam. He directs me, however, to explain in this connexion that the general sense of the relevant passage of Mr. Lascelles's private telegram No. 165 of the 27th July, referred to in paragraph 9 of the present despatch, is to the effect that a simultaneous announcement of the proposed withdrawal should be made as soon as possible on the Arab coast and to the Persian Government. Mr. Lascelles pointed out that the Persian Government would do much to diminish the prestige of His Majesty's Government in the Gulf, and that any suspicion on their part that they were about to lose the tactical advantages derived from the weakness of the British position at Henjam would almost certainly lead to a strong and public demand on their part that Henjam should immediately be evacuated. It was desirable, if the prestige of His Majesty's Government were not to be impaired unduly, that such an evacuation should be voluntary, and should not appear to have been directly caused by Persian pressure. In these circumstances, Mr. Lascelles proceeded, it was essential to maintain absolute secrecy so long as the possibilities of constructing an alternative depot elsewhere were being examined. As soon as a decision was reached, however, it should be followed by a widespread announcement on the Arab coast of the intentions of His Majesty's Government as communicated to the Persian Government.

4. While the procedure suggested in the preceding paragraph need not be discussed further at the present stage, I am to express the hope that their Lordships will give the most serious and urgent consideration to the other suggestions advanced in Mr. Dodd's despatch. Lord Reading entirely shares Mr. Dodd's view that it is now essential to begin the preparations for an alternative British depot elsewhere than at Henjam. The weakness of the British position at Henjam weakens correspondingly the whole position of His Majesty's Government *vis-à-vis* of the Persian Government and, indeed, their whole position in the Persian Gulf. I am to draw their Lordships' special attention to the developments reported in Mr. Dodd's telegram No. 229 of the 7th October, and connected correspondence, with regard to the demand of the Persian local authorities for the removal of the British naval flagstaff at Henjam, which, as Mr. Dodd points out, is typical of the pressure which the Persian Government could bring to bear to make the British position at Henjam untenable. As their Lordships are aware, His Majesty's Government are not in a position to resist effectively such Persian pressure, however damaging to British prestige in the Gulf, and it is, in Lord Reading's opinion, of urgent importance that His

⁽¹⁾ No. 73.

⁽²⁾ No. 27.

Majesty's Government shall endeavour to free themselves as soon as possible from the grave disadvantages and dangers inherent in the present anomalous situation.

5. In these circumstances, Lord Reading considers essential that an urgent decision be reached with regard to the practicability of Bahrein as the site of an alternative depot to Henjam, and that the full estimates of cost required by the Treasury be prepared with the least possible delay.

6. His Lordship will be glad to receive at your early convenience their Lordships' considered opinion on the points raised in this letter and in Mr. Dodd's despatch.

7. Copies of this letter have been sent to the Air Ministry, Colonial Office, India Office, Treasury and War Office.

I am, &c.
G. W. RENDEL.

[E 5391/146/34]

No. 112.

Mr. Dodd to the Marquess of Reading.—(Received October 29.)

(No. 573.)

My Lord,

Tehran, October 16, 1931.

I HAVE the honour to transmit to your Lordship herewith copies of despatches from His Majesty's consular officers at Hamadan and Kermanshah regarding the visit of the Shah to their respective districts.

2. I have sent these despatches to your Lordship not because the doings of His Imperial Majesty were of particular interest on this occasion, but because the despatches provide a clear illustration of the methods alike of the Shah and Persian local administration.

I have, &c.
CHARLES DODD.

Enclosure 1 in No. 112.

Vice-Consul Summerhayes to Mr. Dodd.

(No. 52. Confidential.)

Sir,

Hamadan, September 28, 1931.

I HAVE the honour to report that the Shah arrived at Hamadan late on the afternoon of the 26th and left again early next morning.

He took no apparent interest in local matters, and had in fact sent orders ahead for the striking of the tents which, in accordance with the usual custom, had been pitched outside the town for his reception.

For their part also the townspeople and the peasantry did not seem to be very interested in the Royal visit, and large crowds did not line the roads at the time of the Shah's arrival. Those who had collected in this way were given no chance of seeing him, for the closed car drove fast right up to the house of Ibrahim Khan Gharagozlou, where the Shah spent the night.

With the heads of the various Government Departments, who awaited him outside this house, the Shah did not pause to speak, except to tell the president of the Western Court of Appeal that he had heard complaints about the local courts. This official, who has the reputation of being unusually efficient and honest, is understood to have replied that these complaints were probably well founded, owing to the under-staffing of the lower courts.

Many petitions were received by the Governorate for presentation to the Shah, but those which were passed on were returned for action by the Administrations concerned.

Only one body of petitioners succeeded in stopping the Royal car, and this consisted of cultivators, who had waited a long way outside the town for a couple of days in their anxiety to complain of the wrongful seizure of their water by villagers higher up above Hamadan. The division of the river water here and the registration of rights to it have been very inefficiently handled, and it is to be hoped that this petition will produce some result. The lot of the peasantry is in any case hard now, for they cannot afford even necessary clothing, quite apart from

their simple luxuries of tea and sugar. For comparative security they are grateful to their ruler, but it is generally felt that, unless their burden of taxation is eased, a bad harvest would bring serious trouble.

I have, &c.

C. H. SUMMERHAYES.

Enclosure 2 in No. 112.

Consul Hoyland to Mr. Dodd.

(No. 62.)

Sir,

Kermanshah, September 30, 1931.

I HAVE the honour to submit a report on the visit of the Shah to this district during the month.

2. His Majesty was due at Kermanshah by the 18th September and feverish preparations were made during the preceding week. Work on the new central avenue of the town, which is still unfinished, continued throughout. A new road leading from the town to Taq-i-Bustan as a continuation of the Shahpur Avenue, off the Maidan, was opened for the occasion. This road is not fully metalled, and was closed to traffic after the Shah's visit. The Governor-General was in charge of the municipality in the absence of the Rais-i-Baladiyah, who had been recalled to Tehran at his own request. His successor managed to postpone his arrival until after the Royal visit. Issues of new uniform were made to the troops, and the prisoners were taken to the public baths and shaved.

3. His Majesty reached this town on the 22nd September at 3 p.m., coming from Senneh, which he had left that morning. His journey was broken at Kameyaran for luncheon. He drove direct to the house of Ali Khan, Amir-i-Kull, the leading notable, chief of the Zanganeh tribe and Deputy for Kermanshah, where he spent the next two nights. Amongst his suite were Aghai Assaad Sardar Assaad, Minister of War, Amir-i-Nizam, the Grand Master of Ceremonies, Agha Shakah-ul-Mulk, Comptroller of the Royal Household, and Dr. Amir Khan Aalam, Amir-i-Aalam, private physician.

4. The Governor-General, Prince Assadullah Mirza, Shahab-ud-Dowleh, K.C.V.O., and the local officials were awaiting the arrival of the Shah at the gates of the house, and, on alighting, he called up the Governor and expressed his dissatisfaction at the large number of his subjects seen by him during his journey and in the town not wearing the Pahlavi hat and up-to-date clothing. It is said that the Shah was particularly incensed as the Ministry of the Interior had drawn the attention of the local authorities some time before his arrival to the inadequate compliance with Government orders for the change of dress. His Majesty's host, Amir-i-Kull, was later able to assure him that the people he had seen were Kurds from outlying villages not within the jurisdiction of the Governor-General.

5. Strict measures had been taken to safeguard the Shah on his arrival, and a communiqué of the authorities prohibited the presentation of petitions, and the throwing of flowers during his passage, whilst no one was allowed on the house-tops along the way. Policemen with revolver in hand were stationed on the roofs during the Royal passage. This last measure led to comments that the Shah appeared to be more afraid of attempts upon his life than during previous visits.

6. On the evening of his arrival, the Shah inspected the stables of the Amnieh and expressed his satisfaction. His subsequent inspections of the troops and police, barracks, stables, &c., pleased His Majesty, and he specially commended the Officer Commanding, Sarhang Haji Ali, Razm Ara, for the appearance and discipline of his command. The Rais-i-Nazmieh, Sarhang Mohamed Khan, Naissari, was also congratulated. Both these officers are honest, capable and hard-working and well deserve the approbation. The Rais-i-Amnieh also is stated to have been commended. This officer, Sarhang Mehdi Khan, Moatazedi, had been publicly beaten and degraded by the Shah on a visit here some years ago. During his visit to the barracks the Shah recognised an aged subaltern officer with whom he had served. He made him a gift of money, and gave orders that he should be retired with a pension.

7. His Majesty received in audience on the 23rd September the local ulema, addressing them for five minutes. On receiving the deputation of local

merchants he drew their attention to the benefits of the Trade Monopoly Law, and pointed out that it was a suitable time for them to import machinery to manufacture the requirements of the country. The leading trader greeted these words with the customary "Inshaallah," and was reprimanded, the Shah emphasising that he wished them to take prompt action in view of the excellent economic conditions. Upon the suggestion made by another merchant for the abolition of the taxation of Persian products and upon exports, the Shah showed anger, and ordered the deputation to go. He then received the departmental heads. Fathullah Khan, Nassir Diwan, Deputy for Kermanshah, was accorded a better reception, His Majesty condescending to adjust his Pahlavi cap, which appeared to him to be worn at a rakish angle. The Shah refused to receive the local princes of the Amad-ud-Dowleh family, and is reported to have said that he knew of no "a'yan."

8. The petitions received by the Shah whilst at Kermanshah amounted to 600. These were referred to the Governor-General. Amongst these was an application on behalf of many families of Jelu Assyrians settled at Baqubah in Iraq for permission to settle upon his estates at Shahabad (Harunabad). The Shah made no definite reply.

9. On the 22nd September six brigands, who had attacked traders and villagers in the vicinity of Sahneh, were arrested by Amnieh guards. The Shah was informed and gave orders for their immediate execution. Two of the men were hanged at Ghorgavisheh, one of the villages molested, and the other four were shot at Sahneh on the next day.

10. The Shah left Kermanshah early on the 24th September for his estates at Shahabad, and passed through this town again on the 26th September on his way to Hamadan. He was then reported to have been in good humour and to have treated the Governor-General better than whilst he was staying at Kermanshah. Whilst at Shahabad His Majesty received the chiefs of tribes and visited the two local schools, one of which gives agricultural instruction. He gave orders for some improvements at these.

11. The bad temper of the Shah is attributed to his dissatisfaction with the officer commanding at Senneh for the bad condition of the troops and military material in that town. He is said to have placed this officer under arrest. Nothing appeared to please His Majesty in the principal city of Persian Kurdistan, and he remarked that the town had made no progress since his last visit. Another report states that he received a telegram on arrival announcing the destruction by fire of a military depot at Tabriz.

12. As a sequel to the Shah's visit, the Governor-General has obtained an undertaking from local tailors and hat-makers not to make the Kurdish head-gear and clothing, whilst village headmen have been ordered to prevent the wearing of these.

13. My impression of the visit is that it has been beneficial for the town and people. Officials have become more attentive to their duties, whilst those whose past actions are not above reproach have had a fright. This remark applies to the Governor-General also. If the people object to the Shah's rough tongue and manners, many in Kermanshah remember the time when he was here as a subaltern. These do not speak of him with respect, but do not disguise their fear of his methods, whilst acknowledging what he has achieved.

I have, &c.

H. A. D. HOYLAND

[E 5394/2140/34]

No. 113.

Mr. Hoare to the Marquess of Reading.—(Received October 29.)

(No. 578. Confidential.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a despatch to Bushire, No. 212, dated the 17th October, 1931, on the subject of Basidu.

Tehran, October 17, 1931.

Enclosure 1 in No. 113.

Mr. Dodd to Major Fowle.

(No. 212. Confidential.)

Sir,

Tehran, October 17, 1931.

I HAVE carefully considered your confidential despatch No. 130/528-S of the 24th August regarding the position at Basidu, and entirely approve your proposal to avoid, if possible, entering into any controversy on this subject with the Governor of the Gulf Ports. If the Governor reverts to the question you should inform him orally that it is one for settlement through the diplomatic channel.

2. I also approve in general your proposal to replace, in certain eventualities, the British naval guard at Basidu. I do not consider that it would be expedient to make any threat to the Persian Government, but I am of the opinion that the senior naval officer should not hesitate to reinstate it, under the authority conveyed to him by the Admiralty (see his telegram of the 11th June, 1930, to the Political Resident), should he have reason to suppose that there was a serious risk of the customs director or any other Persian official attempting to assert his position by force within the enclave. In this case, I should desire to be informed of the fact immediately by telegram.

3. In this connexion, I transmit to you a copy of a memorandum by Mr. Lascelles, until recently a secretary at this Legation; this memorandum deals with various points connected with Basidu, and, so far as these points are within my competence, I share the views expressed therein.

4. I shall be glad to learn whether it is, in fact, still the practice to land an armed guard in the enclave every ten days.

5. I shall also be glad if you will endeavour to obtain from the senior naval officer a description of the geography of Basidu, with, if possible, a sketch map of the locality.

6. I am sending a copy of this despatch to His Majesty's Principal Secretary of State for Foreign Affairs and to the Foreign Secretary to the Government of India.

I am, &c.

CHARLES DODD.

Enclosure 2 in No. 113.

Memorandum on Basidu

(Reference Bushire despatch No. 130/528-S of August 24, 1931, to His Majesty's Chargé d'Affaires at Tehran.)

THE position, as I understand it, is as follows:—

1. I think it might reasonably be argued that, while the Persian claim to Basidu is no departure from the *status quo*, the attempt to enforce the claim is a departure. Though for 100 years Persia made no attempt to assert her claim, she never withdrew her original protest nor admitted our right; nor were we prepared in the last resort to challenge her claim, the validity of which we admit (though not in public). As regards the physical enforcement of her right, this has apparently never been attempted, save in the case of the incident of August 1928, when the Bandar Abbas customs director arrived at Basidu in a gunboat with the intention of arresting the caretaker of the enclosure. This intention was frustrated by (a) representations at Tehran, and (b) action on the spot by the senior naval officer, who told the customs director that the status of Basidu was then under discussion in Tehran.

2. Two years earlier—about July 1926—the Persian Government complained of the refusal of the British agent at Basidu to pay customs dues. An "amicable settlement" was reached without formal discussion of the general issues involved.

3. It seems, therefore, that both these attempts at enforcement of Persia's rights failed, and that the *status quo* is definitely that, within the "concession," neither Persian customs officials nor Persian officers of the law have any authority.

[6751]

M 3

This is borne out by the somewhat apologetic attitude adopted by Teymourache in regard to the 1928 incident. In conversation with Sir R. Clive he maintained that he personally had always loyally maintained the *status quo* in the Gulf, and that the incident occurred while he was absent in Europe. In conversation, therefore, he admitted that the incident was a breach of the *status quo*.

4. As regards territorial waters, the enclave has a sea frontage, and, therefore, if it belonged to us really, it would carry with it a small stretch of territorial waters. Meanwhile, as long as we can by bluff maintain our imaginary right to the enclave, we can claim territorial waters.

5. A warship calls at Basidu at least every ten days and disembarks an armed landing-party (see senior naval officer's telegram No. 1794/II of the 11th June, 1930, to Political Resident, repeated to Admiralty and Tehran). These appear to be Admiralty orders, and I see no reason to suppose that they have been countermanded or allowed to lapse, without intimation to us of the change.

6. I do not think that the replacement of the guard could logically be regarded as a breach of the *status quo*. The guard was withdrawn long after the *status quo* assurances were exchanged, and so its reinstatement would really constitute a reversion to the true *status quo*. Moreover, the Persian Government, in the person of Teymourache, refused to take the slightest interest in the matter, though repeatedly approached by Sir R. Clive on the subject. Moreover, there is no reason why, if the Persian Government, nevertheless, pretended to consider the reinstatement of the guard as a breach of the *status quo*, they should not have protested at its temporary reinstatement every ten days; regarded in the light of an assertion of claim to possession, there is nothing to choose between a permanent and a temporary armed guard.

7. It is possible that the behaviour of the customs director has not so far been sufficiently blatant to warrant the replacement of the guard. But the senior naval officer evidently intends the reinstatement as a preventive measure. It will be seen that the customs director definitely claims jurisdiction over British Basidu, and that his activities and those of other local officials have been increasing of late, doubtless as a result of the withdrawal of the guard. If the director were to assert his claim in practice by forcibly levying a fine or due, there would in present conditions be nothing to prevent him from doing so. The Legation could, of course, claim for recovery on the *status quo* basis, but they would certainly get no change, and a most unfortunate precedent would have been created. Much better let the local customs director (who would never attempt violence against the armed guard) come up against *force majeure*, complain—as no doubt he would—to his higher authorities, and leave to the Central Government the onus of protesting against what we can quite logically describe in reply as another unsuccessful attempt to disturb the *status quo* while the treaty negotiations are still on the tapis.

8. Of course, it must be remembered that it was for reasons of health that the Basidu guard was originally withdrawn, and the Admiralty would not welcome its reinstatement without good cause. Nevertheless, the worst months of the year are now over, and by next summer there would probably be no objection to reverting to the previous system of periodical visits.

9. It should also be remembered that these local Persian officials are so ignorant that they must certainly have interpreted the withdrawal of the guard as a withdrawal, or at any rate a weakening, of our claim to possession; hence their boldness. Nothing but ocular demonstration of their error will have much effect.

10. An attempt should, I think, be made to clear up the geography of the enclave. In the opinion of the Government of India, we are "debarred from asserting a claim over (1) old Bassidore, a village in close proximity to the old Portuguese fort which once existed upon the north-west extremity of the Island of Kishm, and which, with the village of (2) Bandar Singau, situated also in close proximity to the Portuguese fort, was formerly regarded as within the limits of the British station (see Committee of Imperial Defence document No. P.G. 13 on the 'Historical Summary of Events in Territories of the Ottoman Empire, Persia and Arabia affecting the British Position in the Persian Gulf, 1907-28,' p. 117) by the prescription of many years. The site of the abandoned settlement at (3) Singau may, however, be regarded as included within the limits of the British station."

11. Compare this with the senior naval officer's report: "Anchored off the (4) point Bandar Singau . . ." ("bandar" means a port or anchorage, and cannot, therefore, be a point of land . . .). "This point is well within the limits of the British concession; there is a ruined village near by which is known as (5) Old Bassidu, not to be confused with the village, also very much in ruins, situated in Persian territory and known, too, as (6) Old Bassidu; this latter village also rejoices in the name of Nakhistan."

12. Presumably the senior naval officer has accurate information, but the position is confusing. I take (1) and (6) to be identical—Old Bassidu/Nakhistan ("nakhistan" means date-groves, and presumably differentiates the still inhabited, though ruined, Old Bassidu from the entirely deserted Old Bassidu). The latter (5) I take to be identical with Singau (3), and to be where the dhow anchored, *i.e.*, close to (4). The map might be something like that attached.⁽¹⁾

13. Perhaps the point is not so important really, since the customs official would appear to claim jurisdiction over the whole enclave. But it might be as well to make sure that the senior naval officer is aware of this decision of the Government of India, since in former times Bandar Singau and the other Old Bassidore (? Nakhistan) were considered by us as part of our enclave.

14. Perhaps it is worth mentioning finally that our claim to Basidu has been strengthened by the treaty negotiations; the Basidu article, the relevant part of which has already been agreed to in writing by the Persians, runs:—

"Sa Majesté britannique cède à Sa Majesté impériale le Schah de Perse tous les droits qu'elle avait sur Bassidou et les biens qu'elle y possédait . . ."

15. I am not sure how far it would be permissible at this stage to appeal to this fact; the whole of the treaty negotiations have been conducted on an unofficial basis. But it may be noted that the Persians have never made any reservation when accepting this article, whereas, in view of their official claim to the enclave, they might well have insisted on some wording which avoided the mention of our "droits." This fact renders our position stronger than it was when the Persian Gulf memorandum No. P.G. 13 was written (1928), and it could, at any rate, be used with effect in conversation with the Minister for Foreign Affairs.

D. W. LASCELLES

September 1931.

⁽¹⁾ Not reproduced.

[E 5395/1152/34]

No. 114.

Mr. Dodd to the Marquess of Reading.—(Received October 29.)

(No. 580.)

My Lord,

Tehran, October 17, 1931.

WITH reference to my despatch No. 455 of the 25th August, regarding the Persian branch of the Junkers Company, I have the honour to transmit to your Lordship herewith a record of a conversation between the military attaché to this Legation and the local manager of the company.

2. It will be observed from this record that Imperial Airways (Limited) are not alone in experiencing difficulties in their relations with the Persian Government.

3. I am sending copies of this despatch to the Foreign Secretary to the Government of India and to His Majesty's Acting High Commissioner for Iraq. I have, &c.

CHARLES DODD.

Enclosure in No. 114.

Military Attaché to Chargé d'Affaires, Tehran.

M. WEIL told me to-day that Junkers could get an extension if they gave a bribe of 10,000 to 15,000 dollars. This they refuse to do.

2. M. Weil thinks the Persians will wait till the last minute, and then offer some inferior terms, hoping that Junkers will accept to avoid loss in breaking up

[6751]

M 4

their large organisation in Persia. To counter these Persian tactics, M. Weil has already begun to close down; he has given three months' notice to all employees, and, from the 1st November, he will remove material, &c. This he hopes will make the Persian Government realise that he is prepared to leave the country.

3. Teymourache asked M. Weil to remain on as a private concern without a Government contract, suggesting that he should function as an ordinary company and make his own contract with the Minister of Posts and Telegraphs for carriage of mails. Teymourache said that this would avoid the possible difficulties of passing a Bill, for an extension of Junkers contract, through the Majlis. M. Weil's reply was that, in five years, he had never heard of any Bill, supported by Government, failing to pass the Majlis, and he realised that this was but a scheme to let him carry on until other arrangements were made and then turn him out when no longer required.

4. The army are desirous of getting the Junkers contract. They have three Junkers machines, and would buy two or three more. They would get 2,000 dollars a month for carriage of mails and their expenses would be insignificant. They would hope to get spare parts, benzine and aerodrome upkeep, &c., from the Ministry of War, and, in their conceit, considered insurance unnecessary, as their pilots would be Persian officers. However, some of the Cabinet see the disadvantages of this arrangement: the pilots and aircraft might be required for military duty at any time, and there are several other obvious objections.

5. M. Weil still thinks that eventually he will get an extension of contract for a year or two, but is of opinion that his contract and that of Imperial Airways are linked together in the Persian mind, and will be settled at about the same time.

6. The Tehran-Bagdad air service will probably be curtailed from the 1st November, that is, the Thursday-Friday service will continue and the Sunday-Monday flights be discontinued. I impressed on M. Weil the importance to His Majesty's Legation of the bi-weekly flight in the winter, when Imperial Airways are often late at Bagdad and our mails are brought up on Monday. If this second flight is discontinued, mails would have to remain in Bagdad a whole week. M. Weil had no wish to discontinue the bi-weekly service, but passengers at present are only an average of one every two flights. A copy of the new time-table is attached.⁽¹⁾

7. M. Weil is very forcible regarding the increase of bribery in Persia, which is now done quite freely and openly by all officials. He also states that a comparatively recent feature of Tehran public life, namely, rudeness to all foreigners, is now so intolerable that he himself and his company have the greatest difficulty in carrying out their work. He showed me a letter from the Dutch Air Service in which it was written that Bushire gives them far more trouble than any other station between Holland and Batavia.

P. C. R. DODD, *Military Attaché*.

October 13, 1931.

⁽¹⁾ Not printed

[E 5396/328/34]

No. 115.

Mr. Hoare to the Marquess of Reading.—(Received October 29.)

(No. 586.)

My Lord,

Tehran, October 21, 1931.

WITH reference to Mr. Dodd's despatch No. 534 of the 22nd September last, I have the honour to report to your Lordship that, according to the accounts that have reached this Legation, no progress has been made with the negotiations for a Russo-Persian Treaty of Commerce. Much time has been spent on wrangling over the price which the Russians should pay for the rice they commonly export from Gilan and Mazanderan, the Shah being particularly and personally interested in this question. (His Majesty is reported to be in a violently antagonistic mood towards the Russians just now owing to the unsatisfactory offers he has received from them for the produce of his extensive Mazanderan domains.) The impression is certainly gaining ground that the

Council of Ministers is anxious to prolong negotiations until the return of the Minister of Court, in order to allow his Highness to wind them up, and also, presumably, to bear his full share of the responsibility for possibly unhappy results of the treaty in application.

2. The only news of real interest is that the Russians have applied for a monopoly of the import of matches and lubricating oils. With regard to the latter, the resident-director of the Anglo-Persian Oil Company informs me that he interviewed the Minister of Finance and told him that his company could not regard such a proposal with indifference, as Persaznaft would be in a position to force their clients to take other petroleum products from them as well, thereby impairing the competitive power of the Anglo-Persian Oil Company and, *ipso facto*, their capacity to keep prices at a reasonable level. If the Persian Government were giving serious consideration to this Russian demand—and Taghi Zadeh admitted that they had already agreed to it in principle—he (Mr. Jacks) would have to invoke that article of the company's concession which gave it the monopoly of the sale of petroleum products within the area of that concession, i.e., the whole of Persia, with the exception of the "four northern provinces." His Excellency was very much taken aback by this statement, and expressed the hope that a favourable formula would be found acceptable to all three parties.

3. The Persian Government are undoubtedly beginning to realise that they were a little rash in guaranteeing the Russians such a very large proportion of their import trade, the difficulty of making up the total amount becoming more and more acute. The task can certainly not be accomplished without running foul of a variety of solidly-established vested interests.

Copies of this despatch are being sent to the Government of India, His Majesty's High Commissioner for Iraq and the Department of Overseas Trade.

I have, &c.

R. H. HOARE.

[E 5398/151/34]

No. 116.

Mr. Hoare to the Marquess of Reading.—(Received October 29.)

(No. 591. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 21, for the period ending the 21st October, compiled by the military attaché to this Legation.

Tehran, October 21, 1931.

Enclosure in No. 116.

(Secret.)

Intelligence Summary No. 21 for the Period ending October 21, 1931.

1. *Persian Officials.*

HIS Excellency Mirza Mahmud, Jam, Governor-General of Khorassan, has abandoned his intention of proceeding to France. He returned to Meshed after a few days' leave in Tehran.

Mirza Isa Khan, Feyz, Commissioner of the Anglo-Persian Oil Company in London, who had returned to Tehran on termination of his appointment, was unexpectedly recalled to London. He left Tehran by air on the 16th October.

2. *Foreigners.*

Great Britain.—His Majesty's Minister, Mr. R. H. Hoare, C.M.G., arrived in Tehran on the 17th October. He was accompanied by Mr. A. J. Herbert, honorary attaché.

Germany.—Dr. Wipert von Blucher, the newly-appointed German Minister in Persia, arrived in Tehran on the 5th October.

Egypt.—His Excellency Ismail Kemal Bey, Egyptian Minister in Persia, is leaving on the 22nd October. He has been in Tehran for less than a month, as he is suffering from shock, the result of a serious motor accident whilst crossing the desert on his way to Persia.

Turkey.—His Excellency Ridvanbey Oglu Husrev Bey, Turkish Ambassador, has left Persia on leave. It is not certain whether he will return to Tehran or not. M. Djevad Bey, counsellor of Embassy, has been transferred to Moscow.

3. *The Majlis.*

Little of importance has recently been before the Majlis. A few Bills, dealing with unimportant matters regarding finance and the Trade Monopoly Law, have been discussed. A Bill was passed laying down certain punishments for officials of the Customs department convicted of corruption and dishonesty.

4. *Treaties.*

The Treaty of Friendship between Persia and Estonia was signed in Moscow on the 2nd October.

5. *Military.*

As a result of the Shah's recent tour in Azerbaijan, a new frontier division is to be formed, with headquarters at Urumiah. This division will include Salmas, Maku, Khoi, Sauj Bulak, Ushnu, &c., and will be separate from, and independent to, the present North-Western Division, which has headquarters at Tabriz. This latter will retain the areas of Tabriz, Ardabil, Maragheh and Kara Dag. Sartip Muhammed Khan, Shahbakhti, is to be in command of the new division, for the establishment of which a special grant of 500,000 toman has been allotted.

6. *Refugees.*

On account of the unrest in Soviet territory beyond the north-eastern frontiers of Khorassan, the number of refugees into Persia has considerably increased. For example, on the 15th September, twenty-five armed and mounted Turkomans from Soviet territory surrendered to the Persian authorities, and two days later thirty more followed. About the same time, sixty refugees entered Persia in the vicinity of Bujuird, and several parties crossed the frontier at other points. The Persian Government are giving refuge to these persons provided that they allow themselves to be disarmed and transported to a distance from the frontier.

7. *Aviation.*

(i) Four French military aircraft arrived in Tehran on the 15th October. This flight of aeroplanes, Potez 25, type T.O.E., Lorraine engines, 450-h.p., came from Syria, and were touring from Beirut to Tehran via Bagdad, returning through Bushire and Basra. The personnel, under the command of Colonel Antoinat, consisted of six officers and two n.c.o.'s. They left for Isfahan on the 18th October.

(ii) *Imperial Airways.*—The company has now decided, after due consideration and on expert advice, that it is not possible to follow a central Persian route on their Indian service between Bagdad and Gwadar. The height of the mountains to be crossed, the lack of communications and accommodation, are the principal reasons which make such a route impracticable for a commercial air service.

(iii) The contract of Junkers Air Service in Persia expires in January 1932. The personnel have been given three months' notice, and it still remains uncertain whether an extension of contract will be negotiated or not. The bi-weekly air service to Bagdad is likely to be curtailed to one return flight per week from the 1st November, on account of lack of passengers.

8. *Commercial.*

It is reported that the final settlement of the Perso-Soviet Commercial Treaty is again being delayed. The difficulty appears to be the exchange of 50 million roubles annually of exports and imports. While the U.S.S.R. can absorb this amount of Persian produce, it is far from easy for the Soviet to

import into Persia such a large quantity of useful goods. The amount is in excess of Russian imports into Persia for previous years, and to make up the total the U.S.S.R. are trying to get concessions, such as the sugar and match monopoly, but even so it would seem that they must interfere with the organised import trade into Persia of other nations.

(ii) The rate for buying or selling pounds sterling in Tehran remains in the vicinity of 90 krans to the pound. Very little business, however, is being transacted in sterling exchange apart from the amount sold by the banks on Government account.

(iii) Instructions were issued last June that all goods in customs-houses, which were on the prohibited list under the Trade Monopoly Act, unless re-exported from Persia before the 23rd October, would be confiscated to Government. This order will now be carried out, but, as owners of goods were given four months' clear notice, no great hardship is incurred.

9. *Azerbaijan.*

(i) It is understood that the Turko-Persian frontier question has been settled, except for one hill north-east of Bulak Bashi and some 12 miles north-north-west of Maku. The Persian Government do not wish to cede this hill to Turkey as it commands the Maku area, but it is already occupied by Turkish troops. An agreement appears to have been reached regarding the remainder of the proposed new frontier alignment.

(ii) Two chiefs of the recalcitrant Persian section of Djelali Kurds met the Shah, during his recent tour, at Khoi. His Majesty granted the section an amnesty, conditional on their future good behaviour. The two chiefs were taken into Tabriz, and later sent to the Djelali to persuade them to submit to Persian authority.

(iii) The situation in the Caucasus does not appear to be improving. Fighting in the Zangizur region continues. The rebels are mostly Tartars and some Armenians. When hard pressed, these cross into Turkey or Persia. They are said to be well treated by the Turkish authorities and allowed to settle there if they so desire. In Western Georgia some 2,000 rebels are reported to have caused considerable trouble to the Soviet. A prison at Chiatur appears to have been captured and all the prisoners set free.

P. C. R. DODD, Lieutenant-Colonel,
Military Attaché.

Tehran, October 21, 1931.

[E 5423/328/34]

No. 117.

Mr. Hoare to the Marquess of Reading.—(Received October 30.)

(No. 245.)

(Telegraphic.) R.

Tehran, October 30, 1931.

MY despatch No. 586 of 21st October.

Perso-Soviet Commercial Treaty was signed on 27th October, I understand on lines already reported.

I expect to see Minister for Foreign Affairs on 31st October, when I hope to obtain text of treaty from him.

(Repeated to Government of India, No. 152; and Bagdad, No. 44.)

[E 5188/2821/34]

No. 118.

The Marquess of Reading to Sir R. Graham (Rome).

(No. 1291. Confidential.)

Sir,

Foreign Office, November 5, 1931.

SINCE the receipt of your despatch No. 570 of the 31st July, regarding the construction in Italy of two 950-ton gunboats and four 330-ton patrol vessels on behalf of the Persian Government, the situation which may arise in consequence of the arrival of these vessels in the Persian Gulf has been engaging the attention of His Majesty's Government.

2. The ostensible reason for the acquisition of these vessels by the Persian Government is to enable the Persian customs authorities to put an end to the contraband traffic alleged to be carried on by native vessels from the Arabian shore of the Gulf. But the main object of the two larger vessels is probably to assert Persia's imagined political rights in the Gulf; and, in view of the militant character of modern Persian nationalism, of the claims advanced by Persia to sovereignty over certain Arabian islands in the Gulf, and of the distaste with which the present Persian Government view British influence in that region, the general position is such as to give His Majesty's Government cause for apprehension.

3. As stated in your despatch, these Persian vessels will at first be commanded by Italian naval officers. In these circumstances, the Persian Government may endeavour to take advantage of these officers' ignorance of the general situation in the Persian Gulf, and misrepresent it to conform to their own pretensions—in order to create some incident which they might turn to their own advantage.

4. In order, therefore, that the Italian officers in Persian service in the Gulf may be confidentially informed in advance by their own Government of the true facts of the Gulf situation, I shall be glad if your Excellency will, at a suitable opportunity, let the Italian Government know of the difficulties likely to arise after the arrival of these war vessels in the Gulf, as a result of the conflict between Persian pretensions and the special interests of His Majesty's Government and the Government of India in that region, and more especially their relations with the rulers of the Arabian coast. For example, were the Persian fleet to show undue activity in the territorial waters of Bahrein, to the sovereignty of which the Persian Government have advanced a wholly unsubstantiated and untenable claim, or were aggressive action taken against the Arab rulers, with whom His Majesty's Government are in special treaty relations, or their territories, the resulting developments could not fail to be embarrassing and regrettable.

5. The particular points which, in the opinion of His Majesty's Government, might advantageously be brought to the knowledge of Italian naval officers in Persian service are as follows:—

(a) *The special Treaty Relations between His Majesty's Government and certain Arabian Rulers.*—His Majesty's Government and the Government of India are in treaty relations with the rulers of the territories along the Arabian littoral of the Gulf, viz., the Sheikhs of Koweit, Bahrein and El Katr, the Sultan of Muscat, and the Sheikhs of the Trucial Coast—i.e., of Ras-al-Khaima, Umm-al-Qaiwain, Ajman, Shargah, Dabai and Abu Dhabi. His Majesty's Government are under obligations to these rulers to conduct their relations with all foreign Governments, and consequently any Persian aggression against the territories or islands of these rulers, any objectionable activities by Persian warships in their ports and territorial waters, or any unjustifiable interference with their vessels upon the high seas, could not be a matter of indifference to His Majesty's Government.

(b) *The Absence of Relations between the Persian Government and these Arabian Rulers.*—The Persian Government do not, at present, recognise these Arabian rulers, and have no diplomatic relations with them, so that the visit of a Persian warship to an Arab port would scarcely be in accordance with ordinary international usage. It may be added that His Majesty's Government have endeavoured to remedy this state of affairs by securing, as part of a general treaty settlement, the recognition of these rulers by Persia.

(c) *Persian Claim to the Islands of Bahrein.*—The Persian Government have revived an antiquated claim to the islands of Bahrein, which lie off the Arabian shore of the Gulf, and from which Persian troops were driven out in the year 1783 by the native Arab inhabitants. His Majesty's Government consider this claim entirely without foundation. For practically 150 years the islands have been ruled by independent sheikhs of the same ruling family, with whom, as independent rulers, His Majesty's Government and the Government of India have been in treaty relations for over a century.

(d) *Persian Claims to Tamb and Abu Musa.*—Similarly, the Persian Government have raised vague claims to the small but important islands of Tamb and Abu Musa, both of which have been the property of rulers of the Trucial Coast for approximately 200 years. His Majesty's Government regard these claims also as completely without foundation.

(e) *Coaling Stations at Henjam and Basidu.*—His Majesty's ships in the Persian Gulf have for very many years made use of a depot on the Island of Henjam, and of Basidu on the Island of Kishm, for refuelling purposes and for the recreation of their crews. His Majesty's Government have offered, as part of a general treaty settlement with Persia, to renounce their rights at Basidu, and to regularise by a lease the position at Henjam. Negotiations for a general settlement are already advanced, and, pending the final solution of these questions, the Persian Government have undertaken to observe the *status quo*.

6. In broaching this subject in the most friendly way to the Italian Government, your Excellency will explain that I have instructed you to do so because Anglo-Italian relations throughout the world are of so friendly and intimate a nature that I naturally wish to prevent, by complete frankness, the possibility of any incident due either to inadvertence or design on the part of a third party.

I am, &c.
READING.

[E 5440/439/34]

No. 119.

The Marquess of Reading to Mr. Hoare (Tehran).

(No. 170.)

(Telegraphic.)

Foreign Office, November 6, 1931.

YOUR telegrams Nos. 240 and 246 of 24th October and 1st November: Persian air route.

Question of talk with Minister of Court must for the present remain in suspense.

Meanwhile, it seems desirable for you to address official note to Persian Government without delay, enquiring whether, in view of the impracticability of central Persian route, they will permit our aviation to continue after March next to fly along only practicable Persian route. An early reply should be requested in view of the possible necessity of making alternative arrangements.

I realise improbability of an early and favourable reply. You should, however, act accordingly, unless you see objection from local point of view.

(Repeated to India, No. 39.)

[E 5583/439/34]

No. 120.

Mr. Hoare to the Marquess of Reading.—(Received November 9.)

(No. 248.)

(Telegraphic.)

Tehran, November 9, 1931.

YOUR telegram No. 170.

I will act accordingly, but Minister for Foreign Affairs will be away till 12th November.

It is believed at Ministry for Foreign Affairs that Minister of Court intends to visit London. In any case, I think it would be worth while, from point of view of Airways and wider aspects, to send him message that if he can conveniently come over you would be glad to see him and discuss various aspects of Anglo-Persian relations. So flattering an attention might do good, whereas further indications of displeasure, which we appear to have no means of making effective, will not move him.

(Repeated to Government of India, No. 155.)

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 601.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit herewith copy of a note to the Persian Government, dated the 1st November, on the subject of the Imperial Airways (Limited).

Tehran, November 1, 1931.

Enclosure in No. 121.

Mr. Hoare to M. Feroughi.

Tehran, November 1, 1931.

M. le Ministre,

IN your note of the 10th March, 1931 (19th Esfand, 1309), your Highness communicated to His Majesty's Chargé d'Affaires the route across Central Persia which the Persian Government proposed should be followed by the aeroplanes of Imperial Airways (Limited) on the expiry of the present authorisation under which they fly along the coast of the Persian Gulf. Imperial Airways (Limited) sent their senior pilot, Mr. Travers, to Persia in June last, with instructions to survey this route. He carried out these instructions on the 23rd June, flying in a Puss Moth machine. Mr. Travers reported that he found the route selected by the Persian Government to be quite impracticable for a regular commercial air service; and, on the 2nd August, Mr. Lascelles, at that time His Majesty's Chargé d'Affaires, informed your Highness officially in this sense in the course of a conversation. I now have the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to confirm Mr. Lascelles's oral statement, and in support of it to communicate to your Highness herewith the enclosed copy of a letter, dated the 7th October, 1931, addressed by Imperial Airways (Limited) to the Air Ministry, which contains the substance of Mr. Travers's report. I also have the honour to enclose a copy of Mr. Travers's original report, namely:—

- (a) A general description of the route.
- (b) An account of the aerodromes and landing grounds.
- (c) The meteorology of the route.

The original report is more technical than the letter of Imperial Airways (Limited), and may be of interest to the Persian aviation experts.

2. The Air Ministry agree with the views expressed by Imperial Airways (Limited) in their letter of the 7th October. Your Highness will observe that in this letter the route in question is considered not only as a whole but also section by section; and that the objections to each section are stated separately. I would invite your Highness's especial attention, moreover, to the last paragraph of the letter, where it is stated in effect that similar objections would apply to any other route which might be selected through Central Persia. The conclusion of this authoritative survey is, in short, that there is no route across Central Persia practicable for a regular commercial air service.

I avail, &c.

R. H. HOARE.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 602.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a note to the Persian Minister for Foreign Affairs, dated the 1st November, 1931, on the subject of the Duzdab Railway.

Tehran, November 1, 1931.

Enclosure in No. 122.

Mr. Hoare to M. Feroughi.

My dear Minister,

Tehran, November 1, 1931.

IN your letter of the 17th September to Mr. Dodd your Highness was good enough to state that the Imperial Government accepted the tenor of the aide-mémoire regarding the Duzdab Railway which was communicated to your Highness by Sir Robert Clive in his letter of the 1st October, 1930.

I am now authorised to inform your Highness, in reply, that the closure of the Duzdab Railway, as the result of material conditions outside the control of the Indian Railway Administration, has completely altered the circumstances in which Sir Robert Clive's aide-mémoire was communicated to your Highness. Nevertheless His Majesty's Government in the United Kingdom and the Government of India will be prepared to regard the terms of that aide-mémoire, upon which they note with satisfaction that both parties are agreed, as constituting an agreement to come into force as part of a wider settlement.

I take this opportunity of mentioning that the Government of India desire to add to the paragraphs quoted by your Highness a paragraph on the following lines:—

"During the continuance of this agreement neither party shall make any alteration in their rates and fares over the section of the railway between Nushki and Duzdab without giving to the other party three months' notice or such shorter notice as may be mutually agreed upon."

This addition can, however, be considered at a later date.

R. H. HOARE.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 608.)

My Lord,

Tehran, November 1, 1931.

WITH reference to Sir Robert Clive's despatch No. 336 of the 27th June, regarding the payment for the Persian warships now being constructed in Italy, I have the honour to enclose herewith a translation of a law passed by the Majlis on the 18th October. This law empowers the Minister of Finance to borrow a sum not exceeding 390,000 Pahlavis from the reserve funds of the country in order to meet expenses incurred in connexion with the institution of the Persian navy.

2. This law was necessitated by the fact that the sum of 390,000 Pahlavis (equivalent to £390,000) set aside for this purpose had been included in the budget for the year 1310 (March 1931 to March 1932), at the rate of 60 krans equals 1 Pahlavi (or pound sterling). When the value of the kran fell to 90, the sum of 22½ million krans entered in the budget was insufficient. The exchange

accruing to the Government from the export of the "monopolised articles" being also insufficient for the purpose, the Government have decided to borrow the full amount from the sterling deposits held in reserve in Europe.

3. A copy of this despatch is being sent to the Government of India and to the Acting Political Resident at Bushire.

I have, &c.
R. H. HOARE.

Enclosure in No. 123

Translation of the Law for providing Funds for the purchase of Warships from Italy, passed by the Majlis in its Session of Sunday, October 18, 1931 (Mehr Mah 25, 1310.)

Single Article.—The Ministry of Finance is authorised, as an exceptional measure, to pay out of the reserve funds of the country the value of the ships for which orders have been placed in Italy, as well as for their accessories, necessities and expenses up to their arrival in Persian waters, together with the expenses of opening workshops in Persian ports necessary for their repair and upkeep, up to a total of 390,000 Pahlavis, that is to say, the amount of credit estimated for this purpose in the 1310 budget. The Ministry is authorised to draw the equivalent thereof from the credit estimated in the 1310 budget, and, in the event of that credit proving insufficient, to take the deficit from the surplus revenues of 1311 and subsequent years, and to return all to the reserve funds of the country.

[E 5616/2821/34]

No. 124.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 613.)

My Lord,

Tehran, November 2, 1931.

WITH reference to my despatch No. 608 of the 1st November, I have the honour to report that, according to information furnished by the Italian Legation, 246 men and four officers proceeded within the last few days from Persia to Italy for training for service in the Persian naval craft under construction in that country. They were conducted by Commendatore del Prato, the Italian naval officer attached to the Persian Government, and travelled by the desert route in lorries supplied by Messrs. Lumsden and Greene, of Bagdad, at very cheap fares. They are to return to Persia in the new ships in the spring.

2. The Italian Chargé d'Affaires stated recently in conversation with a member of my staff that there will be fifteen Italian officers in the Persian navy. He added that the navy had no aggressive purpose. It was intended simply for the prevention of smuggling, which had assumed excessive dimensions and presented a serious problem. The acquisition and use of Italian aeroplanes in the work of prevention was under consideration. M. Rosset Desandré was assured in reply that the officers of His Majesty's ships in the Persian Gulf would welcome the arrival of their Italian comrades. He said that the provision of shore accommodation was realised to be urgently required, owing to the heat in the Gulf.

3. He added that the Vali Ahd, accompanied by Teymourache, would visit Palermo shortly, for the launching ceremony.

4. I am sending a copy of this despatch to the Government of India, and to the Acting Political Resident at Bushire.

I have, &c.
R. H. HOARE.

[E 5617/18/34]

No. 125.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 617.)

My Lord,

Tehran, November 3, 1931.

I HAVE the honour to inform your Lordship that I was received in audience by His Imperial Majesty the Shah this morning for the purpose of presenting my credentials and Sir Robert Clive's letters of recall.

2. I enclose a copy of the speech which I delivered, and also a French translation of His Majesty's reply.

3. After the speeches had been delivered, the Shah desired the Minister for Foreign Affairs to assure me that he sincerely desired to live on the best of terms with Great Britain, a great country with which Persia had many ties and common interests. I replied suitably, and then enquired after the Crown Prince. This reference to his son appeared to give the Shah genuine pleasure, and his rather heavy expression became quite animated while he said that he was receiving excellent reports.

4. His Majesty showed similar pleasure when I told him that Sir Percy Loraine had asked me to be sure and recall him to his memory. He replied that, though there were more difficult questions to discuss when Sir Percy Loraine was Minister here than now, or perhaps at any other time, relations were never better, thanks to his tactful and patient handling of them.

5. In accordance with the practice which has been in force for some two years, the staff of the Legation was waiting in an ante-room. It is left to the Minister to judge the right moment to request permission to present them. I now did so, and His Majesty first enquired what journeys Colonel Dodd had made in the course of the summer—a hint, though not an unfriendly one, that His Majesty takes a supervisory interest in the activities of military attachés. He then turned to Mr. Havard, and the following conversation, which he had no doubt arranged beforehand with the Minister for Foreign Affairs, followed:—

The Shah: I hear that you are shortly leaving Persia.

Mr. Havard: Yes, with your Imperial Majesty's permission.

Minister for Foreign Affairs: Mr. Havard has been many long years in Persia and knows our country thoroughly.

The Shah: Yes. Mr. Havard is very well known in Persia and everybody likes him very much. (To Mr. Havard) Are you going to an appointment in London?

Mr. Havard: Yes, Sir.

The Shah: I hope very much that you are going to be appointed to the Department which deals with Persian affairs, for with your knowledge you will be able to render great service to your own country as well as to Persia. (To Minister for Foreign Affairs) In almost every phase of our policy we have a common interest with Great Britain, and, although we have had our little differences, they have in no way altered our friendly relations.

Minister for Foreign Affairs: England is a very great nation and conducts its foreign relations with sagacity and sincerity.

The Shah: Yes, that is true, and I am very glad to say that our relations are so friendly. Persia, for her part, only wishes to be honoured as a country, for her to honour those who honour her. England can rest assured that Persia's policy towards her is one of sincere friendship, and I see nothing that can alter those feelings of sincere friendship. As Mr. Havard is shortly leaving us, I wished to have this short discussion on policy for him to take home with him.

[6751]

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6. It will be interesting to see whether concrete effect is given to this markedly friendly, if curiously staged, demonstration.
7. A copy of this despatch, with its enclosures, is being sent to the Foreign Secretary to the Government of India.

I have, &c.
R. H. HOARE

Enclosure 1 in No. 125.

*Speech by Mr. Hoare on the Presentation of his Letters of Credence,
November 3, 1931.*

Sire,

I HAVE the honour to hand to your Imperial Majesty the letters by which the King and Emperor, my august Sovereign, graciously accredits me to your Majesty as his Envoy Extraordinary and Minister Plenipotentiary, as well as the letters of recall of my predecessor.

It is a great responsibility as well as privilege for me to have the honour to represent my Sovereign at your Imperial Majesty's Court, and I hope that I may count on the powerful support of your Majesty and the cordial collaboration of your Ministers in my efforts to maintain and strengthen the ties of friendship which so happily exist between our two countries.

In formulating my most sincere wishes for the prosperity of your Imperial Majesty and the imperial dynasty, I venture to add the expression of my confident hope that the Persian people, with the help of God and under the wise guidance of its Sovereign, will continue along the road of peace, order and progress towards the fulfilment of a great destiny.

Enclosure 2 in No. 125.

Reply by the Shah of Persia.

(Traduction.)

M. le Ministre,

C'EST avec plaisir que nous recevons de vos mains, avec les lettres de rappel de votre prédécesseur, celles par lesquelles Sa Majesté le Roi d'Angleterre, Empereur des Indes, a bien voulu vous accréditer près notre Cour en qualité de son Envoyé extraordinaire et Ministre plénipotentiaire.

Les paroles par lesquelles vous nous avez laissé entendre que tous vos efforts seront consacrés à la consolidation des liens de bonne intelligence existant si heureusement entre les deux empires nous ont causé de la satisfaction et nous sommes convaincus que ces efforts seront parfaitement couronnés de succès.

Les vœux sincères que vous venez de formuler pour notre bonheur et la prospérité de la nation persane nous ont émus et nous tenons à vous exprimer les mêmes sentiments que nous éprouvons pour l'Empire britannique. Nous vous assurons que pour l'accomplissement de votre haute mission notre bienveillance ainsi que le concours de notre Gouvernement vous sont tout acquis.

[E 5618/151/34]

No. 126.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 619.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 22 for the period ending the 4th November, 1931, compiled by the military attaché to this Legation.

Tehran, November 4, 1931.

Enclosure in No. 126.

(Secret.)

Intelligence Summary No. 22 for the Period ending November 4, 1931.

1. Persian Officials.

MUHAMMED ALI KHAN, Farzin, Persian Minister in Berlin, has been recalled to Tehran.

Hovannes Khan, Musayad, Persian Minister in Tokyo, has been allowed to resign his appointment, and is at present in Paris. His successor has not yet been appointed.

2. Foreign Interests.

(i) *Great Britain.*—Mr. R. H. Hoare, C.M.G., His Majesty's Minister, Tehran, was received by the Shah on the 3rd November. After Mr. Hoare had presented his letters of credence, the remainder of the diplomatic staff of the Legation were presented to His Majesty.

(ii) *The U.S.S.R.*—The Perso-Soviet Commercial Treaty was signed in Tehran on the 27th October, 1931.

(iii) *Germany.*—Perso-German relations have been strained as the result of the publication in two obscure German newspapers of articles libelling the Shah and the Persian Government generally. For some time it appeared likely that the Persian Legation would be withdrawn from Berlin, and the Shah refused to receive Dr. Wipert von Blucher, the newly-appointed German Minister, who arrived in Tehran on the 5th October, but had not yet presented his credentials. After some days, however, the affair was settled, and the German Minister was received by the Shah on the 1st November. During the above estrangement the Tehran press published several strongly-worded articles, in the worst taste, against Germany.

3. The Majlis.

The Minister of Posts and Telegraphs asked for a loan of 1 million tomans to purchase for Government the telephone system in Persia, which is at present owned by a private company. The question of the renewal of contract of M. Fry, a financial expert, met with some opposition, on the grounds that the Persian budget can be balanced without the help of foreign experts, but was eventually agreed to.

The Minister of Communications received sanction for a grant of 3,500,000 tomans from sugar and tea revenue for expenses in connexion with railway construction.

4. Persian Navy.

One hundred and sixty conscript soldiers have recently been sent from South Persia to Italy to undergo a short course of naval training. There are now 250 officers and men undergoing such training in Italy. The six ships ordered by the Persian Government from Italy for service in the Gulf will shortly be launched at Palermo in the presence of the Crown Prince of Persia and Teymourache. The vessels will probably arrive in the Gulf next spring under the supervision of fifteen Italian naval officers.

5. Arsenals.

The powder factory at Parchin, 18 miles south-east of Tehran on the Jaj-i-Rud River, was officially opened by the Shah on the 15th October. Some sixty officers were present at the ceremony, and the Shah expressed himself well satisfied with the factory, which has taken over four years to construct and equip.

6. Communications.

(i) *Roads.*—The new road from Kerej (Tehran-Kazvin road) to the Caspian has been made fit for light motor traffic as far as Adaran, some 12 miles north of Kerej. Work is actively proceeding, and construction has progressed some 8 miles beyond Adaran, where a bridge is in course of construction.

[6751]

Work upon the road tunnel of 144 metres at the Renau Mountain, on the Shahabad (Harunabad)-Husseinabad (Pusht-i-Kuh) road, is in progress, and 60 metres are reported to have been pierced.

(ii) *Railways (Southern Section)*.—Mr. Carroll, director-general of railway construction in Khuzistan, recently tendered his resignation on account of shortage of supplies and curtailment of his purchasing powers. After some correspondence, Mr. Carroll withdrew his resignation.

It is reported in the press that the railway line has been laid as far as Salehabad, 5 miles north of Dizful.

Mr. Soujooki, Japanese railway engineer, has left Persia on completion of his original contract of six months' service with the Persian Government.

7. Health.

A serious outbreak of what appears to be cholera has occurred in Khuzistan. There were thirty-six deaths at Ahwaz in the first few days of the epidemic and the area has been isolated.

8. Fars.

Colonel Haji Khan, a military officer from Tehran, has been appointed Il Khani of the Khamseh tribes, who were formerly under the jurisdiction of the Qavam-ul-Mulk.

Lieutenant-Colonel Shakir Khan, Tabatabai, from Tehran, has taken over the post of Il Khani of the Qashgai tribe from Malik Mansur Khan, son of Soulat-ud-Dowleh. The latter has been recalled to Tehran.

The above appointments are in continuation of the policy of the Central Government to sever all connexion between the Qavam and the Khamseh tribe and between the Soulat and the Qashgais.

9. Kermanshah.

It is reported that the Shah, during his visit to Kurdistan in September, was very dissatisfied with the progress of the town of Senneh, as there had been no improvements since his last visit. He severely reprimanded General Ali Khan Rahimi, commanding the Kurdistan Brigade, headquarters Senneh, for the unsatisfactory condition of the troops and military equipment at that place.

P. C. R. DODD, *Lieutenant-Colonel,*
Military Attaché.

Tehran, November 4, 1931.

[E 5620/328/34]

No. 127.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 624.)

My Lord,

Tehran, November 3, 1931.

WITH reference to your telegram No. 158 of the 16th October last, I have the honour to transmit to your Lordship herewith a copy of the memorandum embodying the suggestions of His Majesty's Government for amendments to the existing method of enforcing the Trade Monopoly Laws, with a view to granting the British commercial interests approximately the same concessions as were reputed to have been made to Russian trade in the draft Perso-Soviet Commercial Treaty.

2. I handed this memorandum to Feroughi personally on the 30th October, three days after the signature of the treaty, so that the moment can be described as most opportune. His Highness did not read through it there and then, but assured me that it would have his close attention and that he would submit it to the Council of Ministers without delay. It was also agreed between us that

Yasai, the head of the Department of Commerce, who happened to have an appointment with the commercial secretary, should discuss the matter with him. I attach Mr. Lingeman's account of this conversation and of one which he had with Jallal, the head of the English Section of the Ministry for Foreign Affairs, subsequently.

3. As will be seen, Yasai finally informed Mr. Lingeman that he would raise no opposition to our proposals as long as no attempt were made to "rush" him into putting them into force before the next economic year (which only opens on the 22nd June, 1932), unless he received instructions to that effect from the Minister of Court. Realising that it was almost certain that no decision would be taken by the Council of Ministers without Teymourache's concurrence, Mr. Lingeman, with my approval, suggested to Jallal that a copy of the memorandum should be sent to the Minister of Court through the Persian Legation in Paris (where he is said to be at the moment) and offered him the use of the Legation bag for the purpose. Jallal, wisely perhaps, thought that it would be preferable to wait until the Ministry for Foreign Affairs and the Department of Commerce were in a position to give his Highness their considered, and if possible joint, views on the subject.

4. Feroughi to-day, at the close of my first interview with the Shah, when I presented my letters of credence to His Majesty, informed the commercial secretary that he had read through the memorandum and felt quite confident that we should experience no difficulty in reaching an agreement.

5. It is satisfactory that neither Feroughi, in the course of our short interview of the 30th October, nor Yasai, in his discussion with the commercial secretary, challenged our right to unconditional most-favoured-nation treatment. Feroughi merely said to me that the Persian Government were most anxious to implement their obligations towards His Majesty's Government under the most-favoured-nation clause.

Copies of this despatch and enclosures are being sent to the Government of India, His Majesty's High Commissioner for Iraq, Bagdad and to the Department of Overseas Trade.

I have, &c.

R. H. HOARE.

Enclosure 1 in No. 127.

Aide-mémoire.

D'APRÈS les informations parvenues à la Légation de Sa Majesté—informations qui ont d'ailleurs été confirmées jusqu'à un certain point par son Altesse le Ministre des Affaires étrangères au cours d'une entrevue accordée à Mr. Dodd le 7 septembre dernier—le projet de traité entre la Perse et la Russie soviétique comporte une garantie de la part de celle-ci d'affectuer des importations en Perse d'une valeur de 50 millions de roubles par an, lesquelles doivent être composées de certains pourcentages des contingents d'importation déterminés de commun accord. D'autre part, il est prévu que les agences commerciales soviétiques seront autorisées à importer ces marchandises sans avoir à soumettre au préalable de certificats d'exportation aux autorités persanes, la seule condition qu'elles s'engagent à respecter étant d'exporter des produits persans d'une valeur équivalente avant la fin d'une période de six mois, faute de quoi les importations soviétiques devront cesser jusqu'à ce que la balance commerciale ait été rétablie.

Il ressort donc qu'il entre dans les intentions du Gouvernement impérial d'accorder au commerce soviétique deux avantages considérables, non envisagés dans la loi du monopole et les règlements y afférents : la garantie d'une proportion fixe des divers contingents d'importation, et l'exemption de toute demande de certificat d'exportation avant de réaliser l'importation voulue. Le Gouvernement de Sa Majesté, sûr de l'observation de ses droits indiscutables au traitement de la nation la plus favorisée en Perse, ne peut douter que le Gouvernement impérial n'ait à cœur d'accorder, dans la mesure du possible, des avantages correspondants au commerce des territoires sous la souveraineté, protection ou autorité de Sa Majesté. C'est, d'ailleurs, une question qui a été l'objet d'une étude approfondie de la part du Foreign Office et du Board of Trade.

[6751]

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L'extension du système de garanties de certaines importations par les différents pays trafiquant avec la Perse peut avoir pour la Perse elle-même des résultats fâcheux pour les raisons suivantes. A moins d'assurer à certains pays une plus grande part du commerce d'importation qu'ils n'ont obtenue par le passé—ce qui donnerait nécessairement lieu à des récriminations de la part des autres pays importateurs—une tendance à stabiliser le commerce d'importation sur la base des années précédentes se ferait indubitablement sentir, réduisant par cela même cet élément de concurrence parmi les pays producteurs que tout pays acheteur a naturellement intérêt à encourager. (Ce serait aussi l'effet de réduire le nombre des pays en concurrence les uns avec les autres sur le marché persan.) Le Gouvernement de Sa Majesté n'a donc pas pour le moment l'intention de demander au Gouvernement impérial de réserver pour son commerce une proportion déterminée des contingents de l'importation persane qui l'intéressent particulièrement. Il désire, cependant, se réserver le droit de revenir sur cette décision dans le cas, par exemple, où les pourcentages des contingents accordés au commerce soviétique seraient de nature à réduire le champ d'action dont les importations des territoires susmentionnés ont joui jusqu'ici, ou si des pourcentages quelconques venaient à être accordés à tout autre pays importateur.

Pour ce qui est des certificats d'exportation, il n'est que trop évident que le commerce britannique serait placé dans une situation extrêmement désavantageuse si la dispense que le Gouvernement impérial se propose de concéder au commerce soviétique ne lui était pas concédée également. C'est dans le but d'éviter une pareille discrimination que le Gouvernement de Sa Majesté prie le Gouvernement impérial de donner son attention toute spéciale aux suggestions suivantes :

(a) Le Gouvernement impérial, dès qu'il dispensera les agences commerciales soviétiques du règlement qui prescrit que toute demande de permis d'importation doit être accompagnée d'un certificat d'exportation, en fera de même pour tout importateur de marchandises originaires des territoires sous la souveraineté, protection ou autorité de Sa Majesté qui jouissent en Perse du traitement accordé à la nation la plus favorisée.

Dans le cas où cette concession ne serait pas étendue aux importateurs de marchandises originaires des autres pays jouissant du même traitement, les demandes de permis d'importation émanant de ces importateurs, bien qu'accompagnées de certificats d'exportation, n'auront aucun droit de priorité sur les demandes soumises par les importateurs de marchandises provenant des territoires susmentionnés.

(b) Les importateurs de ces marchandises, au moment où les licences d'importation leur seront livrées, s'engageront à soumettre aux autorités persanes compétentes, avant que les marchandises ne soient dédouanées et dans un délai ne dépassant pas six mois, des certificats d'exportation de la même valeur que celle des importations envisagées. Les autorités persanes s'abstiendront d'exiger la production de ces certificats avant que les six mois ne soient écoulés, mais si l'importateur se trouvait en mesure de dédouaner ses marchandises plus tôt il va de soi que les autorités persanes donneront suite à sa demande dès qu'il aura remis les certificats requis entre leurs mains.

(c) Dans le cas où les marchandises commandées à l'étranger en vertu de permis livrés dans les conditions envisagées ci-dessus n'arriveraient pas à la frontière persane dans les six mois prévus, le détenteur du permis sera néanmoins astreint à exporter des produits persans d'une valeur équivalente. Il lui sera accordé un mois de plus pour effectuer ses achats et les embarquer, et huit mois à partir de l'embarquement pour vendre les devises étrangères aux banques autorisées.

Le Gouvernement impérial, cependant, se déclarera prêt à reconnaître que des cas de force majeure peuvent se présenter créant pour l'importateur l'impossibilité physique de faire usage de son permis avant l'expiration des six mois précités—si, par exemple, le navire à bord duquel se trouvent les marchandises venait à couler—et en pareils cas exceptionnels il sera disposé à exempter l'importateur de l'obligation d'exporter.

Le Gouvernement de Sa Majesté se plaît à espérer que le Gouvernement impérial reconnaîtra le caractère on ne peut plus raisonnable de ces suggestions, qu'il aimerait voir incorporer dans un accord provisoire. Appliquées au

commerce d'importation en général—exception faite des importations soviétiques—elles soulageraient sans aucun doute le commerçant pour le plus grand bien de l'économie nationale, tout en respectant le principe de la balance commerciale qui est à la base de la Loi du Monopole.

Téhéran, le 28 octobre 1931.

Enclosure 2 in No. 127.

Minute by Mr. Lingeman.

YASAI, the head of the Department of Commerce in the Ministry of National Economics, came to see me yesterday to return the call I paid on him some time ago. As arranged with Feroughi, we discussed the memorandum which the Minister handed the latter the day before.

Yasai first of all enquired why I had not sent a copy to him in the first instance. Feroughi had given him the original at a meeting of the Council of Ministers that morning, but "another Minister" had taken it from him, and he had not yet been able to read it. I told him that I should have liked to send him a copy direct, but decided that it had better reach him through the official channel lest the Ministry for Foreign Affairs should take umbrage. We then read through the memorandum together.

His first objection to our proposals was typical of the amazing notions which Teymourache and his henchmen still entertain on the subject of trading methods. Yasai, in effect, said that our scheme would not commend itself to importers because they would need to invest a certain amount of capital in imports, and, before they could clear them through the Customs, invest a further amount in export certificates. The Government had conceived the simple and beautiful idea of capital being invested in exports, converted into foreign currency and from foreign currency into imports—capital which was consequently being smoothly and regularly turned over like the sand in an hour glass. I explained to him : (a) That there were few importers who were at the same time exporters, and still fewer exporters who were at the same time importers. The great majority of importers in fact *bought* their export certificates from exporters. (b) That importers were not in the habit of putting down 100 per cent. of the value of their imports at the time they placed their orders. They gave as small an advance as possible, varying between 10 per cent. and 25 per cent. usually, and they did not always pay the balance on delivery, *i.e.*, if they could get credit. (c) It was the insistence of the Government on the production of export certificates with all applications for import licences that made things so difficult for the merchant. These applications were often held up for months at a time, and they represented capital lying idle not only until such time as the import licences were issued, but until the goods were actually disposed of. (It has since been pointed out to me that importers whose applications are turned down, lose considerably on their export certificates, as there is no demand for them until the lists reopen for the following six months' quota.) (d) That I had not put up these proposals without consulting a number of importers, both foreign and Persian, and I could assure him that they would prove most acceptable to any and every importer.

Yasai then urged me to wait until the next economic year, *i.e.*, until June 1932, when I would find that his ideas were very much similar to mine. He realised that it was a mistake to invite applications for import licences during a couple of months, and only to give out the licences at the end of that period. Next year he proposed to issue the licences as soon as the applications were received, but continue to demand export certificates with the applications. I said there could be no question of our waiting until next year. He confirmed that the commercial treaty with Russia would come into force as soon as it had been ratified, and I reminded him that whatever concessions had been made to the Russians we were entitled to from that moment. I hoped he would bear that fact in mind. He then suggested that we should negotiate an agreement as part of a commercial treaty. I said I saw no hope of that either : I had been called back from leave in October 1929 to help conclude a commercial treaty, and it was not

concluded yet. Even if negotiations were resumed they might drag on for many weary months. The suggestions we had put forward were for a provisional trade agreement, and they were so simple and so very much in the interest of the Persian import trade as a whole—as anybody who was interested in brass tacks rather than in theory must realise—that we saw no reason whatsoever why they should not be put into practice in the very near future. His own scheme, although it might ensure that applications would be dealt with more expeditiously than at present, still required export certificates at the time those applications were put in. I must remind him once more that this was not demanded for the Russians, and we saw no reason why it should be demanded of us. Yasai said that it would, perhaps, be possible to apply our scheme to imports from the British Empire, but he did not think it could be applied to all and sundry. I left it at that as I saw no need to discourse on the niceties of the most-favoured-nation clause.

When I pointed out, in connexion with his own plans, that it was pretty hard on a merchant who had to advance 20 per cent. on the order he placed with a foreign manufacturer or shipper (and perhaps a good deal more nowadays) to have to put another 20 per cent. in export certificates, he remarked—albeit with a grin—that that suited the Persian Government well enough as they were anxious to discourage imports. I must realise, he added, that we had different points of view. Mine was to encourage imports from the British Empire, whatever Persia's ability to afford them might happen to be. I promptly referred him to the proposals we had put forward and enquired whether the country's capacity of payment, as measured in terms of visible imports, had not been taken into consideration. I emphasised the fact that I had striven to evolve a practical scheme which took count of all the Persian Government's intentions. As to making things gratuitously difficult for the importer, I thought that a most short-sighted policy. What was the good of the quota system if it was not to limit imports to what were deemed to be the country's strict requirements? Government interference had increased importers' charges, and prices of imported articles in Persia had naturally gone up in consequence; the cost of living had risen and with it the cost of production, so that the Government, in the long run, were handicapping their own export trade. I need not report in detail on the discussion that ensued, during which Yasai mentioned that the Government hoped that the import quotas would not be taken up in their entirety; for instance, the tea quota had been fixed at the very low figure of 14 million rials (£700,000 gold, as compared with imports in recent years of £1½ million), but no more than 10 million rials' worth would probably be brought in. That this would connote a serious fall in the purchasing power of the population never seems to strike any Persian.

I have said more than enough to show that people like Yasai are extremely difficult to argue with, and it was only at the end of a strenuous two hours' conversation that he did categorically state that he would not oppose our scheme unless we tried to force its introduction from the second six months of the economic year (January to June next). When I remarked blandly that Teymourache might think otherwise, he hastily said that that was quite another matter, hinting at the same time that he was Teymourache's man and did not care a rap for anybody else. We parted the best of friends, after I had suggested that the best course would be to send the Minister of Court a copy of our memorandum as soon as possible.

On Jallal, whom I saw this evening, I impressed two facts, which are, of course, closely connected: our rights to equality of treatment with the Russians, and, as the Russian Commercial Treaty will very soon be put into force, the urgency with which our own proposals should be considered. With reference to the latter point, I told him that Yasai had said to me that applications for import licences in respect of the six months January to June would only be accepted during the next forty days, and that it would be impossible for us to come to terms before then. For my part, I did not rule out this possibility, but in any case the lists for the first six months had been reopened for the benefit of the Russians, so that the lists for the second six months could be reopened if need be for our benefit. That was not unreasonable. I asked him to bring these facts home in conversation with Yasai and to keep them before Feroughi (who needs prodding from time to time). Jallal promised most faithfully that he would do so. He seems very taken with our scheme, all the more that he is

opposed to the Trade Monopoly, mainly on account of the rise in the cost of living. (He maintains that one needs 1,500 tomans a month nowadays to live as comfortably as one did on 500 tomans a month two years ago.) He agreed that the Government would not dare accept our proposals without consulting Teymourache; but when I suggested that our memorandum should be sent to him immediately—if they liked, by our bag leaving on the 6th—he said, rightly, I think, that it would probably be preferable for the Ministry for Foreign Affairs to come to terms with the Department of Commerce *before* the matter were referred to Teymourache. He would talk the matter over with Feroughi to-morrow.

E. R. L.

November 2, 1931.

[E 5621/328/34]

No. 128.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 625.)

My Lord,

Tehran, November 4, 1931.

WITH reference to my telegram No. 245 of the 30th October last, I have the honour to inform your Lordship that the Perso-Soviet Commercial Treaty—which is at the same time a treaty of residence and navigation—was signed in Tehran on the 27th October. The negotiations were concluded with such precipitancy, I understand, as the result of telegraphic instructions from Teymourache, that even the Ministry of National Economics was taken by surprise, a further meeting with the Russian trade representatives having been fixed for a few days later. The greatest difficulty was caused by the Russian insistence on 100 per cent. of the import quota for lubricating oil (*cf.* my despatch No. 586 of the 21st October, paragraph 2), but they were eventually put off with 50 per cent., the quota being also increased, in fact doubled, I gather, to placate the Anglo-Persian Oil Company. The Director of the Department of Commerce told the commercial secretary that he did not think the company need worry as the Russian oil was so bad that nobody would buy it. (I notice in this connexion that the Russian Radio of the 31st October announced the inauguration in Bakou on the 7th November of a factory producing lubricating oils which will be the largest of its kind in Europe.)

2. Feroughi promised me, when I called on him on the 31st, that he would let me have the text of the treaty immediately, and it reached me this morning. As it has not yet been submitted to the Majlis, I have been asked to treat it as highly confidential. There has not been time to have copies made—these will be transmitted to your Lordship without delay—but I attach a summary of salient points, together with a list of the percentages of the import quotas granted to the Russians. These, according to the following calculations, amount approximately to 52·6 per cent. of the total imports. It has not been possible as yet to make any accurate estimate as more of the quotas may have been increased than is shown below (particularly in the case of metals), and, owing to changes in the nomenclature, a detailed comparison will take some time. However, the proposed Russian imports represent a fixed sum for purposes of these calculations, and if the *total* quotas are increased the Russian percentage will consequently be lowered.

	Rials.
Miscellaneous articles	110,425,000
Silk-worm eggs	1,400,000
Tea	14,380,000
Sugar	33,000,000
Matches	1,000,000
Increase in quotas for oil products in general	2,050,000
	162,255,000

Russian quotas: 85,380,940 rials or 52·6 per cent. of the total.

3. I would invite your Lordship's special attention to the fact that the percentage assigned to the Russians for cotton piece-goods has been reduced from 60, as had been originally agreed upon, to 55. A senior official of the Ministry of National Economics told the commercial secretary that this was the direct result of the latter's repeated representations to Yasai on the subject.

4. Although the General Trade Agreement, as incorporated in this treaty, follows the lines already reported, it is important to note that the Russians may, not later than the first six months in any one year, apply for a reduction of the percentages of the import quotas earmarked for them, in which case the balance which they are not taking up can be made available for other importers. It is, of course, impossible to foresee to what extent the Russians will avail themselves of this clause, but the fact remains that the Persian Government have not obtained, as the Legation had been given quite definitely to understand, a guarantee that the Russians will bring in 85 million odd rials' worth of their goods and, *ipso facto*, take out the same amount of Persian products, which, from the Persian point of view, is, of course, an all-important point. Yasai admitted this in conversation with Mr. Lingeman. Carried to extremes, this clause would, on the face of it, allow the Russians, if willing temporarily to sacrifice their import trade, to take no products from Persia at all—in fact, to close their frontier to Persian imports, as a means of pressure on the Persian Government, as they have done before now. Accounts, also, are to be made up, not at the end of every six months, but at the end of each economic year, which is again to the disadvantage of Persia.

5. I am sending copies of this despatch, with its enclosures, to the Foreign Secretary to the Government of India, His Majesty's High Commissioner for Iraq and to the Department of Overseas Trade.

I have, &c.
R. H. HOARE.

Enclosure 1 in No. 128.

Summary of Points of Interest in Perso-Soviet Commercial Treaty signed in Tehran on October 27, 1931.

ARTICLES 1 to 5 deal with questions relating to residence on approved lines.

Article 6 gives to the trade-marks and patents of the two parties the benefits of existing laws and the treatment accorded to the most favoured nation in their respective territories.

Article 7 provides for the conclusion of special conventions on such subjects as personal status, the protection of industrial property, the prevention of smuggling and arbitration.

Article 8 deals with companies on the basis of the most-favoured-nation clause.

Article 9 is concerned with the diplomatic privileges accorded in Persia to the Russian commercial representative and his two assistants.

Article 10 regulates the exchange of goods between the two parties. The following quotation is made verbatim:—

"... La Perse admettra que l'Union des Républiques soviétiques socialistes importe, et l'Union se chargera d'importer, en Perse les marchandises dont la nomenclature et le volume seront indiqués dans une liste annuelle à établir, d'accord entre le Département général du Commerce et la Représentation commerciale de l'Union des Républiques soviétiques socialistes en Perse, sur la base des contingents annuels publiés par le Gouvernement de la Perse. . . .

"L'Union des Républiques soviétiques socialistes se réserve le droit de demander, par la voie de sa Représentation commerciale en Perse et au plus tard à la fin du premier semestre de chaque année économique persane, de procéder à la révision de la liste mentionnée à l'alinéa 1 du présent paragraphe, afin de diminuer pour le reste de l'année le volume de l'une ou l'autre des marchandises incluses dans la liste, exception faite du sucre et des allumettes."

When a new list is made at the end of the first year due consideration will be given to "the need to maintain the percentage of Soviet participation in the import of each of the articles mentioned in the list, so that the percentage of the Soviet imports should not be lower than that laid down in the first year's list."

Should the Persian import quotas be increased at any time the Russian percentage will be increased in the same proportion.

Should any goods be taken off the Persian prohibited list, Russia will share in the quota in proportion to its imports of those goods before the foreign trade monopoly came into force.

The Russians will not have to supply export certificates before importing. They will also be freed from the obligation of selling their exchange.

Certificates of export will be examined at the end of December and May, whilst final accounts will be settled towards the end of the Persian economic year—any balance adverse to Persia being made good by the Russians during the following six months.

The Russian percentages of the import quotas are importable through any Persian customs post.

Persian Government orders in Soviet Russia, imports of machinery not intended for sale and likely to lead to a decrease in the import of foreign goods into Persia, and certain articles needed by the Russian commercial agencies for their own use, are left out of the reckoning.

Soviet Russia will supply Persia with all the sugar and matches she may require to import. The necessary contracts will be signed before the ratification of the treaty.

Articles 11 and 12, most-favoured-nation treatment accorded by each party to the trade, goods, "economic organisations" and traders of the other. Neither will introduce restrictions or prohibitions on the imports of the other, with suitable reservations.

Articles 13 and 14 are concerned with the question of transport;

Article 15 with that of transit; and

Articles 16 to 19 with navigation on the Caspian.

Article 20. The treaty is valid for three years, and comes into force as soon as ratifications have been exchanged in Moscow.

Addition to Article 10. The percentages assigned to the Russians will be reduced in the current year in proportion to the number of months yet to run when the treaty comes into force.

The Russians may bring in any authorised articles not mentioned in the attached list as long as they observe the ordinary monopoly regulations, and on the principle of the trade balance.

Addition to Article 15. Each high contracting party undertakes to consider "avec la plus grande bienveillance" any request which may be made by the other for the transit of arms through its territory.

List of Russian percentages attached (*cf.* reference to this point in covering despatch).

Enclosure 2 in No. 128.

Liste des Marchandises soviétiques à importer au cours de l'Année économique 1310-1311 conformément à l'Article 10 de la Convention d'Etablissement, de Commerce et de Navigation signée le 27 Octobre 1931.

Marchandises.	Sommes en Rials de la Part de l'U.R.S.S.	Pourcentage de l'U.R.S.S.
Sucre (en pain et en poudre) ...	33,000,000	100
Allumettes ...	1,000,000	100
Kérosène ...	5,875,000	100
Benzine ...	6,300,000	100
Mzout ...	450,000	100
Nefte ...	225,000	100
Goudron et autres résidus ...	500,000	100
Grease, mobil oil, et autres huiles minérales raffinées, ou non...	1,000,000	50
Tissus de coton ...	24,447,500	55
Métaux ouvrés ...	2,840,050	65
Galoches ...	552,000	92
Ouvrages en caoutchouc (y compris bandages, pneus et résine)...	805,000	23
Porcelaine, faïence et verrerie ...	1,159,760	76
Ciment et ouvrages en ciment ...	600,090	72.3
Graines de vers à soie ...	300,000	40
Produites chimiques ...	250,000	50
Teintures et couleurs ...	198,000	12
Droguerie (à l'exception de l'huile de ricin, d'amande, de pavot et de graine de coton) ...	400,000	20
Papiers, cartons, papiers pour revête- ment des murs et autres ouvrages en papier ...	1,120,380	66.3
Machines, moteurs, pièces de rechange, instruments techniques, outillages électriques et lampes électriques (exception faite pour les objets regardés comme mobiliers)...	3,108,800	53.6
Fil à coudre ...	425,600	56
Toiles cirées ...	48,000	30
Cordes et ficelles, &c. ...	150,800	58
Eaux minérales et vins médicinaux ...	36,960	56
Alcool pur ...	9,600	60
Savons parfumés ...	40,000	50
Bougies ...	16,000	20
Fournitures de bureau et sonnettes ...	66,000	20
Instruments de musique ...	55,000	55
Montres et mouvements séparés ou pièces détachées ...	9,900	3
Appareils cinématographiques, photo- graphiques et accessoires ...	39,000	15
Cuir ouvrés et ouvrages en cuir ...	320,000	20
Végétaux et plantes végétales, à l'exception des graines de chanvre, ricin et sésame ...	32,500	65

YASSAI

TCHETSOFF.

[E 5622/1053/34]

No. 129.

Mr. Hoare to the Marquess of Reading.—(Received November 12.)

(No. 626.)

My Lord,

Tehran, November 4, 1931.

I HAVE the honour to report that a crisis in Perso-German relations recently occurred as the result of the appearance in a Munich magazine (the "Münchener Illustrierte Presse"), and in a newspaper published by Persian émigrés in Germany (the "Peikar") of articles considered by the Persian Government and official press to be insulting to Persia. The Munich article, which was by Leon Mathias, a son-in-law of Theodore Wolff, the editor of the "Berliner Tageblatt," has not been reproduced here, but I gather that it contained derisive allusions to the Shah's origin and to his avaricious and greedy propensities. The Persian articles were written, or at least inspired, by Allawi, a former Persian student.

2. It is said that the Munich magazine was exposed for sale in Tehran, and was seen before the German Legation had time to intervene by an Austrian police-spy in the Persian service, who straightway informed the Shah. His Imperial Majesty, who was already incensed at the activities of the Persian émigrés, was unrestrainably angry and insisted on orders being sent to the Persian Minister in Berlin to leave the country with his staff. These orders were not immediately put into effect (the flippant say owing to lack of funds). Negotiations ensued, and the German Government were pardoned in consideration of an undertaking to expel Allawi from Germany and suppress his paper.

3. The German Government, however, stood firm on the question of responsibility, as they were stated, in a report shown to a member of my staff, to have declared that it was open to the Shah if he wanted further satisfaction to take legal proceedings against the editor of the German magazine. I am informed that the editor has tendered his apologies.

4. As chance would have it, the incident arose just as Herr von Blücher, the new German Minister, arrived here. The Shah refused to receive him for some three weeks, until the incident was settled. He eventually presented his letters on the 1st November.

5. The humiliating treatment of the new German Minister has shown the intrinsic weakness of the German position here. They have given hostages to fortune in the shape of the National Bank, Junkers, and similar interests, and there are said to be some two hundred Germans in Government employ here; but they have, when it comes to the point, no really effective way of protecting these interests. Their position was largely built up on the personality of Count Schulenburg, and it will need much skill and patience in his successor to maintain it.

6. The Persian press has published a great deal of mingled threats and abuse against the German Government, mixed up with much verbose sermonising on international good manners. But nothing that has been published is of sufficient interest to warrant its inclusion in this despatch.

7. I have sent a copy of this despatch to His Majesty's Ambassador at Berlin.

I have, &c.

R. H. HOARE.

[E 5188/2821/34]

No. 130.

Sir John Simon to Mr. Hoare (Tehran).

(No. 660.)

Sir,

Foreign Office, November 12, 1931.

SINCE the receipt of Mr. Dodd's despatch No. 386 of the 23rd July last, the situation arising from the impending arrival of the new Persian navy in the Persian Gulf has been engaging the attention of His Majesty's Government in the United Kingdom and the Government of India.

2. As regards the proposal to approach the Persian Government on this subject, you will have observed from the correspondence enclosed in my predecessor's despatch No. 521 of the 10th September that the suggestions originally advanced by Mr. Dodd have been considered to be open to serious objection. The alternative proposals contained in paragraph 4 of the Government of India's express letter of the 5th October, a copy of which was sent to you direct, are now under consideration, and I shall address you further in this matter in due course.

3. As regards the proposal to approach the Italian Government on this subject, you will have learnt from the correspondence enclosed in Foreign Office despatch No. 652 of the 6th November that my predecessor sent to His Majesty's Ambassador at Rome instructions on the lines proposed, and that his Lordship added, as a result of Mr. Dodd's suggestions in his despatch No. 556 of the 7th October, two further points to paragraph 5 thereof as originally drafted.

4. On learning that Sir R. Graham has approached the Italian Government in the sense of his instructions, you may, at your discretion, discuss the situation in a friendly manner with your Italian colleague if a suitable opportunity arises.

I am, &c.

JOHN SIMON.

[E 5689/439/34]

No. 131.

Sir John Simon to Mr. Hoare (Tehran).

(No. 673.)

Sir,

Foreign Office, November 13, 1931.

TEYMOURTACHE, the Persian Minister of Court, called on me to-day. He arrived in London two days ago and told me that he was staying for a few days more. I told him that I should like to learn from him whether the Persian Government were disposed to renew the concession to the Imperial Airways Company, and that this was a question to which His Majesty's Government attached considerable importance. He replied by saying that there were a number of questions between Persia and ourselves on which he hoped that discussions might take place, but I replied that this was a matter that should be considered and dealt with by itself as a "question nette." He referred to the suggestion of the Persian Government that an alternative route might be adopted through the centre of Persia, and that this proposal might be investigated by experts. I replied that such an investigation had taken place and that the route across Central Persia was not a practical alternative because of: (1) The height of the mountain ranges to be crossed; (2) the difficulty of winter weather; (3) the absence of telegraphic facilities, and (4) insurmountable difficulties in connexion with the transport of petrol to the aerodromes. He observed that two of these reasons were physical obstacles which could not be removed, and I agreed with him. He gave me no assurance that the Persian Government would continue the concession, and I said that I should regard it as a grave and serious matter if his Government found a difficulty, or refused to co-operate, in a service which was international and for civil purposes and was necessary for postal communication. I added that it would, I felt, make a very disagreeable impression if it became known that such an attitude was adopted, and that I trusted that the good relations which existed between Persia and ourselves, and which would, I hoped, be preserved, would lead his Government to assist international transit in the way required, so as to avoid the adoption of any other measures. I asked him to transmit to his Government the views which I had expressed to him and he promised to do so.

I am, &c.

JOHN SIMON.

[E 5670/439/34]

No. 132.

Mr. Hoare to Sir John Simon.—(Received November 15.)

(No. 251.)

(Telegraphic.) R.

Tehran, November 14, 1931.

MY telegram No. 248.

Minister for Foreign Affairs doubts whether any decision can be taken until the Shah returns about 24th November. I begged him to make it clear that in no circumstances would Imperial Airways accept central route, and I emphasised international aspect as well as necessity for prompt decision.

[E 5679/5614/34]

No. 133.

Sir G. Clerk to the Marquess of Reading.—(Received November 16.)

(No. 369.)

HIS Majesty's representative at Angora presents his compliments to His Majesty's Secretary of State for Foreign Affairs and has the honour to transmit herewith copy of despatch No. 5 from His Majesty's military attaché respecting Ridvanoglu Husrev Bey's remarks regarding Persia and the Kurdish situation.

Angora, November 8, 1931.

Enclosure in No. 133.

Major O'Leary to Sir G. Clerk.

(No. 5.)

Sir,

Ankara, November 4, 1931.

RIDVANOGLU HUSREV BEY, Turkish Ambassador at Tehran, is spending some months on leave in Turkey. Owing to illness, his family has not joined him in Tehran, but he hopes to take his wife and younger child with him when he next returns there.

Husrev finds Persia an interesting post, but considers that two years there will be sufficient. He was posted there, last year, to deal with the delicate situation which resulted from the Kurdish revolt and the Turco-Persian frontier discussions. He would otherwise have proceeded to Warsaw as Ambassador.

He finds Persia in many ways very backward, although giving credit to the Shah for much progress. Inclined at first to scoff at the Persian army, he now believes that they have seriously improved and thinks that in twenty years they may be of real use. At least, they now wear a uniform, and he has seen mixed brigades, formed to deal with brigands and unruly tribesmen, which had a real fighting value. He confirmed my supposition that the best elements in the Persian army are Azerbaijanis.

Husrev Bey gave me a summary of last year's operations against the Kurds, which agrees with the estimate which I had formed. There was no general mobilisation on the part of Turkey, but two divisions, a mountain brigade, and some fifty aeroplanes were sufficient to settle the question once and for all. This year there has been no serious revolt in Turkey, and only minor ones in Persia.

He informs me that the Tabriz-Rowanduz-Bagdad road is not as well built in Persia as in Iraq. He has the lowest opinion of the prospects of railway construction in Persia. On the general economic outlook of that country he is equally pessimistic.

I have, &c.

B. J. O'LEARY.

Sir John Simon to Mr. Hoare (Tehran).

(No. 670.)

Sir,

Foreign Office, November 16, 1931.

I HAVE received Mr. Dodd's despatches No. 514 of the 21st September and Nos. 552 and 555 of the 6th October, regarding the new Persian regulations regarding the flying of flags by foreign nationals in Persia. I am not yet in possession of the views of the Government of India upon the questions at issue, but you should be guided, pending the receipt of further instructions, by the following considerations based upon ordinary international custom.

2. No objection can be taken to any restrictions which Persian regulations may impose on the flying of flags by private persons and institutions, provided that British subjects are not treated in this respect differently from other foreign nationals. British subjects and institutions of an unofficial nature should, therefore, be strongly advised, in their own interests, to comply immediately and without question with the Persian regulations.

3. On the other hand, any attempt on the part of the Persian Government to control the flying of flags on foreign diplomatic buildings or from flagstaves in their grounds is not in accordance with international law and custom which, so far as they have a bearing on the question, tend towards non-interference by the State to which the diplomatic representative is accredited. His Majesty's Government would not, for example, attempt to prevent the Persian Legation in London from flying the Persian flag continuously throughout the year, whether on the Legation building or from a flagstaff in its grounds. I consider, therefore, that any attempt on the part of the Persian Government to interfere with the flying of flags in the Legation premises at Tehran or Gulbek should be firmly resisted, and, should you be approached on this subject by the Persian Government, you are authorised, if you consider it desirable, to reply that you have definite instructions from His Majesty's Government not to alter the present arrangements.

4. With regard to consulates, His Majesty's Government would not be in such a strong position for refusing to comply with the Persian Government's regulations, and it would not be possible for you to do more than endeavour to persuade the Persian Government not to adopt an unreasonable attitude. It may be pointed out to them, if necessary, that other Governments, including His Majesty's Government, do not attempt to interfere with the flying by foreign consulates of their national flags, and that the flying of the consulate's flag from a flagstaff in the ground is not uncommon. The Persian Government might be asked on what they base their apparent assumption that a flagstaff fixed in the ground, instead of on a building, constitutes a threat to their sovereignty; and it may be pointed out that the only considerations which His Majesty's Government recognise as entering into the question of the position of a consular flag are those of practical convenience. It is immaterial, in their opinion, whether a consular flag is flown from a horizontal, sloping or vertical staff, and whether it is flown from the roof, from any other portion of the building, or from the ground. The object of flying a consular flag is to mark the position of the consulate, and the only consideration which, in the opinion of His Majesty's Government, requires to be taken into account with regard to the position of the flag is that it obviously must be flown from a position where it can be seen.

5. If then the Persian Government challenge the practice of His Majesty's consuls in flying the consular flag every day, and not merely on special occasions, you should explain that this is in accordance with ordinary practice, and you should invite them to recognise that the object of flying a consular flag is to mark the whereabouts of the consulate, so that it is only reasonable that it should be flown daily. If they challenge the flying of a consular flag from a flagstaff in the ground, the question of the action to be taken must depend largely on the question whether the flag can equally well be seen if flown from the building itself. If so, I find it difficult to believe that considerations of British prestige render it imperative to maintain the existing arrangements and to enter upon a controversy with the Persian Government on a point on which, apart from its somewhat trivial nature, His Majesty's Government have not a strong case, and would probably be obliged sooner or later to give way; but if not, I trust it may be possible for you to endeavour to induce the Persian Government to adopt a

more reasonable and practical attitude by friendly representations on the lines suggested in the preceding paragraph.

6. The question of the flying of flags by diplomatic missions and consulates in Persia appears essentially one for discussion by the diplomatic body at Tehran, and you should consider the desirability of securing unanimous joint representations to the Persian Government in the hope of bringing them to a better appreciation of the general practice, and of allaying their apparent suspicions in regard to the implications of the flying of foreign flags in diplomatic and consular premises.

7. The question whether the Imperial and International Communications Company (Limited) is to be regarded as a private or semi-official institution will be dealt with separately, on receipt of the Government of India's views.

I am, &c.

JOHN SIMON.

Mr. Newton to Sir John Simon.—(Received November 18.)

(No. 913.)

Sir,

Berlin, November 13, 1931.

I HAVE the honour to state that incidents took place recently which threatened a serious disturbance of the relations between the Persian and the German Governments. It appears that a Persian student, resident in the State of Prussia, had for some time been publishing pamphlets containing articles derogatory to the Shah of Persia. The Persian Minister, on instructions, complained to the Ministry for Foreign Affairs, and the Government of the Reich took the matter up with the Prussian Government. The latter either refused or at any rate were reluctant to take action, holding that the right of asylum of foreigners in Prussian territory had not been violated, though in the Ministry for Foreign Affairs it was considered that the right had been clearly abused.

2. The matter rested for a while until an article was published in the "Münchener Illustrierte Presse" which recounted a story concerning a commissionaire who, some nineteen or twenty years ago, used to stand at the door of the German Legation in Tehran, and whose carriage and bearing were the envy of the other foreign missions. One day the German Minister lost his temper with the commissionaire and cuffed him. That cuff had become historical, and was now affecting German-Persian relations because that commissionaire was now the Shah. The article also declared that previously Riza Khan, whose real name was Kuli, had earned his living as a chucker-out in low-class taverns, and that it was at the German Legation that he acquired that taste for uniforms which was to lead to his rapid advancement. The Persian Minister was again instructed to protest to the Reich Government, both about the article and the further activities of the student, but the Prussian Government remained passive. The Persian Minister thereupon, on instructions, sent a note to the Ministry declaring that if satisfaction was not given he had instructions to withdraw. Meanwhile, he obtained tenders for the removal of his personal effects and ostentatiously ordered new trunks.

3. These gestures proved sufficient and the offending student was at last expelled from Prussian territory, which, by an understanding between the Federal States, also entails expulsion from all German territory. The "Münchener Illustrierte Presse" has, meanwhile, been forced under the Emergency Decree to publish a "true account of the antecedents of Riza Khan," which declares that he is the son of a colonel in the army. The matter has thus been settled and the Persian Minister has returned the trunks which he ordered on approval.

4. The incident serves to show that the German authorities will react to pressure in such matters, and is not without interest for His Majesty's Government, in view of the subversive activities of Indian students in Germany.

I have, &c.

B. C. NEWTON.

[E 5689/439/34]

No. 136.

Sir John Simon to Mr. Hoare (Tehran).

(No. 182.)

(Telegraphic.)

Foreign Office, November 18, 1931.

(R.) YOUR telegram No. 248 of 9th November: South Persian air route.

I saw Teymourache on 13th November. Full record follows by bag.

I enquired whether Persian Government would renew concession to Imperial Airways, to which His Majesty's Government attached considerable importance. He replied that there were many questions for discussion between this country and Persia, but was told that this was matter which should be dealt with separately. He referred to suggested central route, whereupon I gave him reasons for which it had, upon investigation, proved impracticable. He gave no assurance that Persian Government would renew concession. I said I should regard it as serious matter if they refused to co-operate in a service which was international, civil and necessary for postal communication. I alluded to disagreeable impression which such attitude would create, and trusted that our good relations with Persia, which, I hoped, would be preserved, would lead Persian Government to assist international transit in manner required so as to avoid necessity for other measures. At my request he promised to communicate my views to Persian Government. (End of R.)

In course of dinner conversation with Sir R. Vansittart on 16th November, Teymourache intimated that Persian Government would be prepared to consider renewal Imperial Airways concession in conjunction with settlement of other questions, but not as an isolated matter. He did not, however, indicate what these questions were. He alluded in a different part of the conversation to question of Abu Musa and Tamb. He explained at some length past history in regard to Imperial Bank and Persian action in ordering ships from Italy. He threw out allusion to reopening of general negotiations in London. Sir R. Vansittart said that, to his regret, he was proceeding on leave at end of week. Conversation was most friendly and affable in tone, and Teymourache is lunching with Sir R. Vansittart on Friday, when it will be renewed.

[E 5523/2158/34]

No. 137.

Sir John Simon to Mr. Hoare (Tehran).

(No. 679.)

Sir,

Foreign Office, November 19, 1931.

I TRANSMIT to you, for your information, the accompanying copy of a letter from the Secretary-General of the League of Nations enclosing a copy of a letter addressed to him on the 2nd November, 1931, by the Persian delegate to the League on the subject of certain statements made to the Permanent Mandates Commission by the accredited representative of His Majesty's Government in the United Kingdom in June last with regard to the Persian attitude towards nomadic Kurdish tribes who wished to cross the frontier from Iraq to their customary summer pastures in Persia. The relevant extracts from the minutes of the twentieth session of the Permanent Mandates Commission are also enclosed herein for convenience of reference.

2. The question of the reply to be returned by His Majesty's Government to the enclosed communication is under consideration. In the meantime, however, I desire to draw your attention to paragraph 5 of the Persian delegation's letter, in which they appear to have accepted as binding, and as a juridical basis for the consideration of this question, the protocol relative to the delimitation of the Turco-Persian frontier signed at Constantinople in November 1913. This implied recognition by the Persian Government of the binding nature of the 1913 protocol is of importance in view of their recent tendency to question the validity of the frontier settlement of 1913-14, more especially in connexion with their desiderata on the Shatt-el-Arab.

I am, &c.

JOHN SIMON.

Enclosure 1 in No. 137.

*Sir E. Drummond to the Marquess of Reading.**League of Nations, Geneva,**November 4, 1931.*

Sir,

I HAVE the honour to forward herewith copy of a letter, dated the 2nd November, 1931, received from the Persian delegation to the League of Nations containing observations on certain declarations made at the twentieth session of the Permanent Mandates Commission during the examination of the special report on Iraq with regard to the question of the Kurdish nomads of Iraq. According to the wish expressed by the Persian delegation, copy of their letter will be communicated to the members of the Permanent Mandates Commission.

I have informed the Persian delegation that I am communicating their letter to you for such observations as you may desire to make on the subject.

I have, &c.

ERIC DRUMMOND,

Secretary-General.

Enclosure 2 in No. 137.

(Confidential.)

*League of Nations: Twenty-first Session of the Permanent Mandates Commission.**Note by the Director-General, Mandates Section.**Genève, le 4 novembre 1931.*

A LA demande de la délégation persane auprès de la Société des Nations, la lettre ci-jointe, en date du 2 novembre 1931, est communiquée aux membres de la Commission permanente des Mandats. Cette lettre est simultanément communiquée au Gouvernement de la Grande-Bretagne, Puissance mandataire pour l'Irak, pour observations éventuelles.

Persian Delegate to Secretary-General, League of Nations.

Au Secrétaire général,

Le 2 novembre 1931.

La Commission permanente des Mandats, au cours de sa vingtième session, tenue à Genève en juin 1931, a abordé la discussion au sujet de l'attitude du Gouvernement persan à l'égard des nomades kurdes de l'Irak, attitude à laquelle le représentant de la Puissance mandataire a fait allusion dans son exposé devant la Commission (pages 120 et 125 du document C.422.M.176.1931.VI).

Afin de dissiper tout malentendu sur les points soulevés par le représentant de la Puissance mandataire, j'ai l'honneur de vous prier, d'ordre de mon Gouvernement, de vouloir bien porter ce qui suit à la connaissance de la Commission permanente des Mandats, qui siège en ce moment à Genève:

1. Aucune tribu irakienne ne possédant, sous aucun titre que ce soit, des terrains ou des pâturages en Perse, toute réclamation de la part de ces tribus est non fondée et le Gouvernement persan ne peut pas être taxé de les avoir évincées dans la libre jouissance de leurs droits et de leurs biens.

2. Quelques-unes des tribus armées de l'Irak s'introduisaient, pendant l'été, en Perse sans aucune stipulation conventionnelle ni un engagement de la part du Gouvernement persan et profitaient ainsi des pâturages situés sur notre territoire. Les tribus en question procédaient, durant leur séjour en Perse, à des actes de banditisme, massacrant les habitants de la frontière, pillant leurs biens, causant une perturbation profonde dans l'ordre et la sécurité du pays et, par là, amenaient

[6751]

le Gouvernement persan à entretenir des forces militaires suffisantes pour faire face à leurs agissements. Cependant, elles ne laissaient passer aucune occasion pour donner libre cours à leurs excès.

3. Les tribus frontières de l'Irak, en plus des atteintes graves portées ainsi à la sécurité et au maintien du bon ordre dans les territoires exposés à leurs forfaits, passaient en contrebande une grande quantité de marchandises et de ce fait causaient un préjudice considérable aux revenus du pays.

4. Les habitants des frontières et les tribus persanes ayant été désarmés, il est bien naturel qu'ils ne sont pas en mesure de se défendre contre les tribus armées de l'Irak qui, profitant de la situation, ne s'empêchent nullement pour commettre des actes de brigandage vis-à-vis des peuplades paisibles de nos frontières.

La déclaration du représentant de la Puissance mandataire par laquelle il fait ressortir "qu'alors que les Persans désirent désarmer toutes leurs propres tribus de frontière, ils ne l'ont pas encore fait; dès que cela sera réalisé, il croit que les nomades irakiens seront également prêts à désarmer," constitue, aux yeux de mon Gouvernement, une affirmation qui ne correspond pas à la réalité des choses. En effet, le Gouvernement persan a procédé, depuis quelque temps et d'une façon systématique, à désarmer toutes ses tribus et ses peuplades nomades, surtout ceux habitant les régions frontières, tandis que le Gouvernement de l'Irak n'a pas pu ou n'a pas voulu jusqu'à présent prendre aucune mesure dans ce sens.

5. Aucun texte de convention ou engagement ne lie les deux pays en ce qui concerne le droit de pâturage pour les tribus habitant l'un ou l'autre côté de la frontière, à l'exception du Protocole de la Délimitation des Frontières, signé en 1914, entre la Perse et l'ancien Empire ottoman, qui peut être considéré comme une base juridique en la matière.

D'après ce protocole, sont autorisées à bénéficier, comme par le passé, des pâturages situés sur le territoire persan, seules les tribus irakiennes qui se rendaient en villégiature aux régions avoisinantes des sources Ghadir, Lavan. Aucune autre tribu de l'Irak ne peut s'arroger du droit d'entrée et de pâturage en Perse.

Étant donné les points ci-dessus détaillés, le Gouvernement persan ne se trouve nullement dans l'obligation de se créer des difficultés en laissant entrer sur son territoire des bandes armées qui ne se considèrent assujetties à aucune discipline ni loi et dont l'incursion en ces contrées n'a d'autre résultat que de perpétuer l'état de malaise et d'insécurité dans le pays et de placer les paysans habitant les régions frontières à leur merci.

Il est d'une évidence incontestable que chaque État est absolument libre de ne pas laisser entrer sur son territoire les éléments ou les groupements dont l'existence ne serait pas compatible avec ses devoirs élémentaires, devoirs qui se traduisent au maintien de la paix et de la sécurité ainsi qu'à assurer les moyens de bien-être de ses ressortissants.

Vu ce qui précède, le Gouvernement de Sa Majesté le Shah interdit l'entrée en Perse de toutes les tribus irakiennes sauf celles mentionnées plus haut. Une notification préalable fut adressée dans ce sens au Gouvernement de l'Irak, qui fut invité à en informer les tribus intéressées.

Cependant, le Gouvernement de l'Irak, sous prétexte que, vu le manque de temps, il ne serait pas capable d'empêcher lesdites tribus de s'introduire en Perse, demanda au Gouvernement persan, à titre d'exception et seulement pour l'année en cours, de permettre aux tribus irakiennes de Djaf, à se rendre en Perse.

Le Gouvernement de Sa Majesté, prenant en considération les relations de bonne entente existant entre les deux pays et désireux de prêter son concours amical au Gouvernement de l'Irak, y consentit sous la condition expresse que les tribus en question se conformeraient aux lois et règlements en vigueur et ne seraient pas munies de leurs armes. Bien que ces conditions ne fussent qu'en partie observées, le Gouvernement persan, afin d'être agréable au Gouvernement de l'Irak et d'une façon tout à fait exceptionnelle, laissa entrer les tribus susmentionnées en Perse sans que cela constituât un précédent à l'avenir.

Le Gouvernement persan, soucieux de préserver l'ordre public à l'intérieur du pays et ayant à cœur la protection efficace de la vie et des biens de ses nationaux, non seulement est décidé à ne plus autoriser aucune des tribus irakiennes, sauf toutefois celles se rendant aux régions des sources Ghadir, Lavan,

d'entrer sur son territoire et de profiter des pâturages y existant, mais il s'y opposera énergiquement avec tous les moyens en son pouvoir.

En vous priant de vouloir bien donner à la présente communication la suite qu'elle comporte, je profite, &c.

Le Ministre de Perse à Berne, Délégué permanent

auprès de la Société des Nations,

A. SEPAHNODI.

Enclosure 3 in No. 137.

Extract from Statement made by the British Representative to the Permanent Mandates Commission on June 18, 1931.

Sir Francis Humphrys,

A serious complaint of oppression came to me from the nomadic Kurds, who for centuries have pastured their flocks for seven months of the year in Iraq and the five summer months in Persia, where they own lands. These nomads complained that orders had been received from the Persian Government refusing permission for them to occupy their lands in Persian territory unless they came unarmed. They argued that the observance of this order would place them at the mercy of the Persian mountain tribes, who had not been disarmed by their own Government, while, if they were forced to remain in Iraq during the summer months, their flocks would die, and the majority of them would starve. On my return to Bagdad, the Iraqi Government agreed, at my suggestion, to make urgent representations to the Persian Government on this subject. Unless the order is rescinded by the Persian Government, there is the certainty of serious economic dislocation and great suffering, possibly leading to grave disorders in the frontier regions.

Attitude of the Persian Government regarding Nomadic Kurdish Tribes.

M. van Rees desired information on two points.

He understood, as regards the nomadic Kurds mentioned in the statement, that, should the Persian Government persist in its attitude and refuse to allow them to cross the frontier, the majority of those nomads would starve. Would there not be some way of avoiding this and of finding a satisfactory solution?

Sir Francis Humphrys replied that he had interviewed the nomads himself and had asked them if there was no summer pasture for their flocks in Iraq. They had replied in the negative, and that fact had afterwards been verified by the local Governor, who had already made strong representations in the matter. They would either have to acquiesce in starvation or would force their way through to Persia. There was no other alternative, unless the Persian Government followed the policy of *laissez faire*, should they actually cross the frontier.

The Chairman enquired how it was that they came to be under the authority of Iraq, while having lands in Persia.

Sir Francis Humphrys pointed out that they also owned land in Iraq, and spent the greater part of the year there.

M. Orts enquired whether there was any reason for the sudden change in the Persian Government's attitude towards a situation which had existed for a considerable time, seeing that the frontier between Iraq and Persia had not been modified in recent years.

Sir Francis Humphrys explained that, although the Persians wished to disarm all their own frontier tribes, they had not yet done so. As soon as that was done, he thought that the Iraqi nomads would also be ready to disarm.

[E 5943/5943/34]

No. 138.

Mr. Hoare to Sir John Simon.—(Received December 1.)

(No. 632.)

Sir,

Tehran, November 9, 1931.

I HAVE the honour to transmit to you herewith copies of two despatches from the Officiating Political Resident in the Persian Gulf reporting on instances of slavery in Persian territory. The despatch of the 21st August, referred to in the first enclosure, was concerned with the case of a boy who was kidnapped, but subsequently returned to his father.

2. The most lamentable side of these cases of slavery is the inability of the Persian authorities to take any steps to remedy the existing state of affairs. It will be observed from paragraph 3 of Bushire despatch No. 147 that even the officer commanding troops at Jask was afraid not to hand back to the owner a slave who had escaped and taken refuge with him.

3. The Minister of the Interior has since issued a circular to local authorities reminding them that Persia is a signatory of the International Convention for the Suppression of Slavery, and instructing them to publish the Persian Anti-Slavery Law in every district and to see that its terms are rigorously enforced, even among the tribes living in the remotest parts of the country. This is easier said than done.

4. I am sending a copy of this despatch to the Foreign Secretary to the Government of India and to the honourable the Political Resident in the Persian Gulf at Bushire.

I have, &c.

R. H. HOARE.

Enclosure 1 in No. 138.

Consul-General Fowle to Mr. Dodd.

(No. 147/1993.)

Sir,

Bushire, September 25, 1931.

IN continuation of my despatch No. 125/1752, dated the 21st August, 1931, I have the honour to state for your information that I have received a report from the Officer-in-Charge Telegraphs, Jask, giving two further instances of slavery within the Persian borders.

2. On the 3rd September two slaves belonging to one Lala of Bir escaped and took refuge with the Persian officials. Mir Shah Beg, the headman of Bir, who was in Jask at the time, demanded the return of the slaves and threatened to seize two men in their place if his demand was not granted. The Persian authorities declined to yield up the slaves, and Mir Shah Beg, after waiting a few days at Yekbuni, left. But it is reported that he has left only to collect some followers and return.

3. On the 8th instant a slave belonging to Ahmad Tahir of Yekdar escaped and took shelter with the Rais-i-Qushun. Mir Chiragh, son of Mustapha Khan, headman of Old Jask, asked for his return, and threatened reprisals if his request was not conceded. The slave was immediately handed over.

I have, &c.

T. C. W. FOWLE, Major,
Officiating Political Resident in the
Persian Gulf and His Britannic
Majesty's Consul-General for
Fars, &c.

Enclosure 2 in No. 138.

Consul-General Fowle to Mr. Dodd.

(No. 168/2177.)

Sir,

Bushire, October 21, 1931.

IN continuation of my despatch No. 147/1993, dated the 25th September, 1931, regarding the escape of two slaves belonging to Lala of Bir, I have the honour to state that I have received from the Officer-in-Charge Telegraphs, Jask, the following further report on the subject:—

On the 18th October a party of about eighteen Baluchis arrived at Yekbuni and threatened to attack Jask unless the two slaves were surrendered. The Persian authorities opened negotiations with the insurgents and in this way managed to keep them quiet until the 24th September, when, in response to urgent calls for help, Sultan Ali Akbar Khan, with fifty soldiers, arrived from Bandar Abbas.

The Baluchis, about twenty-four in number, retired to the hills and defied the troops, who had followed them up to attack them. One Barkat Khan, with six armed followers, arrived on the scene and persuaded the Baluchis not to fire on the troops. The troops have made several small raids and there are about fifteen men now detained in the fort.

With reference to paragraph 3 of my despatch under reference, Chiragh, son of Mustapha Khan, has forbidden his men to bring firewood into New Jask. According to local gossip, the troops would like to effect his arrest, but are not at present sufficiently strong to risk the attempt.

Apart from the question of the slaves, the above is interesting, as it shows that the Persian hold on to Jask district is at present far from strong.

I have, &c.

T. C. W. FOWLE, Major,
Officiating Political Resident in the
Persian Gulf and His Britannic
Majesty's Consul-General for
Fars, &c.

[E 5947/2886/34]

No. 139.

Mr. Hoare to Sir John Simon.—(Received December 1.)

(No. 637.)

Sir,

Tehran, November 14, 1931.

IN response to the instructions contained in Mr. Secretary Henderson's despatch No. 474 of the 22nd August, I have the honour to transmit to you, herewith, a schedule showing (a) the occasions on which the Persian Government have imposed quarantine restrictions on their frontiers this year; (b) where and on whom the restrictions were imposed; (c) the nature of the disease; and (d) the reasons given for the imposition by the Persian Government.

2. I trust that these particulars will enable the Ministry of Health to judge whether the measures taken are contrary to the letter or the spirit of the International Sanitary Convention of 1926.

3. I should add, with reference to Foreign Office letter of the 12th September to the Ministry of Health that in the case of the anti-cholera and small-pox measures adopted at Qasr-i-Shirin (that is to say, on the western frontier generally), quarantine is not at present imposed upon persons who have merely passed through Iraq, provided that they are in possession of certificates of double inoculation against cholera, and of vaccination, and that these have been endorsed at the Persian Legation in Bagdad. Moreover, quarantine is not

[6751]

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imposed on travellers by air. The reason for the distinction is not altogether clear, but it would probably be unwise to enquire too deeply, for fear of losing the advantage altogether.

4. Since this schedule was prepared, I have received the Marquess of Reading's despatch No. 602 of the 16th October, enclosing a copy of a letter from Sir George Buchanan. I agree with Sir George Buchanan that the measures adopted by the Persian authorities on their western frontier have some justification while cholera is prevalent in Iraq. I would even go so far as to say that, in view of conditions in South Persia, namely, the ease with which epidemics may spread, the difficulties of checking them owing to primitive sanitation, and the lack of adequate organised medical aid, these measures may be justified, even when they go far beyond the terms of the convention (*cf.* the recent arrival of cholera at Ahwaz by the land route (see my telegrams Nos. 241 and 242 of the 24th and 28th October, respectively), though, according to the Persian Government, there is now some doubt as to whether the outbreak was cholera at all). I feel that the essential point is that the state of the quarantine camps should be above criticism, and that if this condition is fulfilled objection should not be raised to quarantine restrictions unless the restrictions clearly involve unnecessary hardship on British subjects.

5. I am sending copies of this despatch, with its enclosure, to the Foreign Secretary to the Government of India, His Majesty's High Commissioner for Iraq, the Honourable the Political Resident in the Persian Gulf, and to His Majesty's consular officers at Kermanshah and Tabriz.

I have, &c.
R. H. HOARE.

Enclosure in No. 139.

Schedule respecting Quarantine Restrictions.

No.	Disease.	Date.	Where imposed.	Imposed on Travellers from—	Reasons given by the Persian Government for imposition.
		1931.			
1	Cholera ..	Jan. 28	Gulf Ports ..	Bombay ..	Twenty cases; six deaths at Bombay during week ending January 17.
2	Plague ..	Feb. 4	Azerbaijan frontier	Transcaucasia	Twenty-eight deaths in Transcaucasia during three days.
3	Plague ..	May 4	Kasr-i-Shirin	Bagdad ..	Five cases; two deaths at Bagdad during week ending April 18.
3A	Plague ..	June 3	Kasr-i-Shirin	Bagdad ..	Quarantine removed; quarantine reimposed.
3B	Plague ..	June 3	Kasr-i-Shirin	Bagdad ..	Thirteen cases; one death at Bagdad during week ending June 1.
3C	Plague ..	July 13	Kasr-i-Shirin	Bagdad ..	Quarantine removed.
4	Cholera and plague	July 18	Gulf Ports ..	Bombay ..	One case plague; one case cholera. (N.B.—No. 1 had never been removed.)
4A	Cholera and plague	July 26	Gulf Ports ..	Bombay ..	Quarantine removed.
5	Cholera ..	Aug. 1	Gulf Ports ..	Bombay ..	Eleven cases; six deaths at Bombay during week ending July 18.
6	Cholera ..	Aug. 2	Gulf Ports	Basra ..	Two cases; two deaths at Basra on July 28.
7	Cholera ..	Aug. 18	Kasr-i-Shirin	Iraq ..	On account of cholera epidemic at Basra.
8	Small-pox ..	Sept. 19	Kasr-i-Shirin	Iraq ..	On account of small-pox epidemic at Tawileh.

N.B.—No notification of the removal of Nos. 5, 6, 7, 8 has been received. (ii) Internal quarantine measures are not included.

[E 5952/139/34]

No. 140.

Mr. Hoare to Sir John Simon.—(Received December 1.)
(No. 649.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copies of correspondence respecting a case of flogging at Charbar.

Tehran, November 17, 1931.

Enclosure 1 in No. 140.

Mr. Hoare to Lieutenant-Colonel Biscoe (Bushire).
(No. 231.)

Sir,

Tehran, November 17, 1931.

WITH reference to Major Fowle's demi-official letter No. 5685 of 1931 and previous correspondence regarding the Charbar flogging case, I have to inform you that the Persian Government have at length sent a cheque for 3,000 krans in settlement of the claim for compensation made on behalf of Mukhtar Yussuf.

2. I have caused this sum to be transferred to your account through the Imperial Bank of Persia, and I shall be glad if you will take steps to pay it to Mukhtar Yussuf in whatever form or currency he may desire.

3. This sum has been paid in compensation as the result of private discussions between Mr. Dodd and the head of the English section at the Ministry for Foreign Affairs, and no official correspondence on the subject is available.

4. I have sent copies of this despatch to His Majesty's Principal Secretary of State for Foreign Affairs and to the Foreign Secretary to the Government of India.

I have, &c.
R. H. HOARE.

Enclosure 2 in No. 140.

Mr. Dodd to Mirza Ghaffar Khan.

My dear Ghaffar Khan,

Tehran, November 17, 1931.

I HAVE received and thank you for your letter of the 11th November enclosing a cheque for 3,000 krans as compensation for Mukhtar Yussuf. I am causing this sum to be paid to Mukhtar Yussuf, and I am authorised to inform you that the incident is now closed.

Yours sincerely,
CHARLES DODD.

[E 5954/151/34]

No. 141.

Mr. Hoare to Sir John Simon.—(Received December 1.)

(No. 651. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 23, for the period ending the 18th November, compiled by the military attaché to this Legation.

Tehran, November 18, 1931.

Enclosure in No. 141.

(Secret.)

Intelligence Summary No. 23 for the Period ending November 18, 1931.

1. General.

HIS Majesty the Shah left Tehran on the 4th November to attend the Turkoman races in the vicinity of Bander Shah and, later, to inspect his properties in Mazanderan. He was accompanied throughout by a small personal staff, including the Minister of War, but most of the Cabinet Ministers, a number of Deputies of the Majlis, and some of the Diplomatic Corps attended the races. The Shah will probably travel from Barfarush to Resht by the coastal road, stopping some days at Chalus, and is expected back in Tehran about the 24th November.

2. Persian Officials.

Mirza Ahmed Khan, Ardashir, left Tehran on the 18th November to take up the appointment of Chargé d'Affaires, Persian Legation, Tokyo.

3. Foreigners.

British Subjects.—Mrs. Hoare, wife of His Majesty's Minister, arrived in Tehran on the 16th November.

Mr. G. T. Havard, C.M.G., oriental secretary, British Legation, left Tehran on transfer to London on the 11th November.

Mr. A. C. Trott arrived in Tehran on the 8th November on appointment as acting oriental secretary, British Legation.

Mr. C. H. Summerhayes, M.B.E., has been transferred from His Majesty's vice-consul, Hamadan, to officiate as His Majesty's consul, Shiraz, *vice* Mr. Trott.

Mr. J. P. Summerscales is being transferred from Beirut to Hamadan as His Majesty's vice-consul.

Dr. D. S. Davies, on appointment as surgeon, British Legation, arrived in Tehran on the 1st November.

U.S.S.R.—M. Langovoy, military attaché, Soviet Embassy, Tehran, has left Persia on deputation to Geneva in connexion with the League of Nations Disarmament Conference. He expects to be away for some months. During his absence M. Benedictoff will carry out the duties of military attaché.

Turkey.—M. Numan Tahir has arrived in Tehran as counsellor of Embassy and will officiate as Chargé d'Affaires.

Czechoslovakia.—M. S. Schubert, Chargé d'Affaires of the Legation in Tehran, on return from leave, resumed his appointment on the 17th November.

4. Imperial Bank of Persia.

In addition to Kazvin, Masjid-i-Suleman and Birjand, as previously reported, the Imperial Bank of Persia are now also closing the following branch offices: Barfarush, Burujird and Dizful.

5. Justice.

The new Marriage Law, under which the minimum age for marriage was fixed as 18 years for males and 16 years for females, is now being enforced. A certain Mehdi Hussein, having married a girl of 12 years, was sentenced to twenty-five months' imprisonment, and the father and mother of the girl were also punished.

6. Exchange.

The official rate of exchange was raised from 90 krans to 70 krans to the £ sterling. The bazaar rate fluctuates in the vicinity of 80 krans.

7. Luristan.

It was reported last June that a band of Lurs had attacked a motor convoy, containing commercial goods, in the vicinity of Pul-i-Dukhtar, south of Khurramabad. The culprits have been arrested, and, after trial by military tribunal, six were sentenced to death and four to life imprisonment.

8. Khorassan.

(i) A detachment of troops and two aeroplanes have been sent from Tehran to Meshed to assist in dealing with a small mutiny which has occurred in the infantry of the Bujuurd composite regiment. The cause is said to have been ill-treatment of his men by the local military commander. The mutineers, who originally numbered some seventy regulars and have since been reinforced by local Turkoman tribesmen, have been driven into the hills to the north of Gumbad-i-Kabus.

(ii) It is reported that, on the 31st October, a detachment, numbering some 200 regular troops of the Red army, entered 8 miles into Persian territory in the area between Lutfabad and Muhammedabad directly north of Meshed. Considerable numbers of Turkoman refugees have entered Persia in this area and twenty-five families of refugees were in the Persian village of Gaukhandan when it was raided by this party of Soviet troops. In the ensuing engagement, five Russian and seven Persian soldiers were killed, and also many of the refugees.

The Persian Government has protested to the Soviet authorities and an enquiry is being held.

PERCY C. R. DODD, *Lieut.-Colonel,*
Military Attaché.

Tehran, November 18, 1931.

[E 5955/328/34]

No. 142.

Mr. Hoare to Sir John Simon.—(Received December 1.)

(No. 652. Confidential.)

Sir,

Tehran, November 18, 1931.

WITH reference to my despatch No. 625 of the 4th November last, I have the honour to transmit to you herewith the text of the Perso-Soviet Commercial Treaty, signed in Tehran on the 27th October.

2. Article 20 stipulates that the treaty will come into force immediately after the exchange of ratifications; article 10 that the contracts for the supply of sugar and matches to Persia, of which Soviet Russia is to have a monopoly, will be signed *before* the ratifications are exchanged.

3. The position at the moment is that the match question appears to offer no difficulty, whereas the two parties have failed to reach an agreement on the sugar question. An official of the Persian Ministry of National Economics, who cannot be said to have any experience of such matters, has calculated that, with prices at their present level on the world's market, the Russians should be able to deliver sugar in Persian Gulf ports at from 3 to 4 krans a batman, or, at the present bazaar rate, roughly 1½d. to 1¾d. per lb. Yasai, on the basis of this very rough calculation, has informed the Russian trade representative that the Persian Government is ready to buy sugar from Russia at the flat rate of 3 krans per batman, delivered at the various frontier posts. He first of all wished to place a three years' contract, but he now wishes to buy no more than a year's supply forward. The Russians are only willing to sell for periods of three months at a time, and they demand 5 krans per batman, delivered in Persian Gulf ports, and 7 krans delivered in Persian ports on the Caspian. No reason for the higher charge for delivery in Caspian ports has been given, but the Persian Department of Commerce ascribe it to the relatively higher cost of land transport on sugar of other than Russian origin. (I should add, in this connexion, that the Czechoslovakian Chargé d'Affaires once informed the commercial secretary that he would prefer not to sell to the Persian Government machinery for the

equipment of sugar factories, as it was in the interest of Czechoslovakia that Russia should continue to buy sugar from her for disposal in Persia. But the origin of the sugar imported by the Russians into Persia has always been doubtful. It can be said to vary according to the Russian sugar campaign and conditions in those producing countries whence Soviet Russia draws the balance of her trade requirements.)

4. It transpires that the Russians did not ask for a monopoly of sugar imports, but that, on the contrary, it was forced on them by the Persian Government, with a view, presumably, to increase the quantity of Persian products which the Russians have to take out in return. The latter, who seem to be just as weary of negotiating with the Persians as the Persian Government of negotiating with the Soviets, have actually offered to relinquish their monopoly rights in so far as sugar is concerned. The Persian retort is: "No sugar monopoly—no monopolies at all." The Persian Council of Ministers is to study the question to-morrow, I am told.

5. Whilst the Soviet Government is to have the monopoly of the supply of sugar and matches to Persia, the National Bank and the Persian Tobacco Monopoly, respectively, are to have the monopoly of the importation and distribution of these articles, the National Bank being also charged with the control of the local manufacturer of sugar. Dr. Lindenblatt, however, has informed Mr. Wilkinson that he was trying to persuade the Government to form a syndicate of Persian merchants to take over all imported sugar at the frontier. With reference to matches, I might recall that the Minister of Court informed Mr. Lingeman in March last that it was only on the monopoly of the import of matches that the Government proposed to make a profit (paragraph 6 of Tehran despatch No. Overseas Trade (B) 38, forwarded in despatch No. 123 of the 16th March last).

6. The Russians, on their part, are also reorganising their trade agencies, apparently on the basis of the section in the Soviet Union Annual Report of 1930, which deals with the "reorganisation of foreign trade direction," according to which "the direction of all import and export operations with eastern countries (save those concerning cotton, wool and oil) was to be entrusted to an All-Union combine, known as Vostgostorg." It is presumably in this connexion, and also to press forward the commercial treaty negotiations, that a new Russian trade representative, Tchetssov, arrived in Tehran a month or so ago. The Persian Government will certainly be delighted to see the last of Sharq.

7. The calculation which was made in paragraph 2 of my despatch under reference only needs slight amendment in the light of the comparison of the Russian with the total quotas which will be found in Enclosure 2. The total quota for silkworm eggs has been reduced by half (700,000 rials), whilst that for cotton piece-goods has been increased by 50,000 rials. The Russian percentage consequently increases from 52.6 to 52.77 per cent.

8. The addition to article 10, it will be remembered, lays down that the Russians may import authorised articles for which no percentages of the import quotas have been earmarked for them, subject to the observance of the monopoly laws and regulations, and on the principle of the trade balance, but without having to produce export certificates, or, of course, sell exchange.

I have had a list of all such articles made (Enclosure 3), which shows that there are only two additional items in which the Russians are at all interested: rough materials for packing purposes (gunnies, sacking, &c.), and household utensils, the exclusion of which from the list attached to the treaty is difficult to explain.

9. Where points of other than essentially commercial importance are concerned, I would invite your attention to the following articles:—

Article 14, regarding the requisitioning of transport, is interesting, more particularly the requirement that notification should be made in each case to the diplomatic representative.

Article 15 accords the right of transit through Soviet Russia to *tea*, motor cycles and bicycles imported into Persia from countries in treaty relations with the Soviet Government—in addition to the articles mentioned in the Trade Agreement of the 1st October, 1927.

The Postal Convention mentioned in paragraph 5 is that forwarded to you under cover of Sir Robert Clive's despatch No. 522 of the 16th October, 1929.

The addition regarding the transit of arms is also interesting. It is

presumably intended to apply to arms ordered by the Persian Government in Europe.

Article 16 limits the crews of Russian and Persian ships to the nationality of the flag under which the ship sails. One presumes that this only refers to the Caspian. (Under article 7 of the Russo-Persian Treaty of 1921, "Federal Russia shall have the right to require the Persian Government to send away foreign subjects, in the event of their taking advantage of their engagement in the Persian navy to undertake hostile action against Russia.")

Article 17 (4) claims to prevent foreign ships from fishing within 10 miles of the coast—it seems in other seas as well as the Caspian—and also to accord preference to fish caught by ships flying the national flag.

10. I am sending copies of this despatch, with its enclosures, to the Department of Overseas Trade, the Foreign Secretary to the Government of India, His Majesty's High Commissioner for Iraq and to His Majesty's consular officers at Meshed, Tabriz and Resht.

I have, &c.

R. H. HOARE.

Enclosure 1 in No. 142.

Convention d'Etablissement, de Commerce et de Navigation entre la Perse et l'Union des Républiques soviétistes socialistes.

SA Majesté impériale le Chah de Perse, et le Comité central exécutif de l'Union des Républiques soviétistes socialistes,

Egalement animés du désir de régler les conditions de voyage, de séjour et de résidence des ressortissants persans dans l'Union des Républiques soviétistes socialistes et des ressortissants en Perse, ainsi que de développer l'activité économique et les relations commerciales entre les deux pays,

Ont résolu de conclure une Convention d'Etablissement et de Commerce et ont désigné à cet effet pour leurs plénipotentiaires savoir :

Sa Majesté impériale le Chah de Perse :

Son Altesse Mirza Mohammad Ali Khan Feroughi, son Ministre des Affaires étrangères;

Le Comité central exécutif de l'Union des Républiques soviétistes socialistes :

M. A. M. Petrovsky, Ambassadeur extraordinaire et plénipotentiaire de l'Union des Républiques soviétistes socialistes en Perse;

Lesquels, après s'être communiqué leurs pleins pouvoirs, trouves en bonne et due forme, ont convenu des dispositions suivantes :

ARTICLE 1^{er}.

Les ressortissants de chacune des parties contractantes auront le droit d'entrer sur les territoires de l'autre, d'y séjourner, d'y voyager et de s'en retourner, en toute liberté, à la condition d'observer les lois et règlements en vigueur sur ces territoires. En aucun cas ils ne seront placés sous ce rapport dans les conditions moins favorables que celles dans lesquelles sont ou seront placés les ressortissants de la nation la plus favorisée.

Les stipulations du présent article ne portent atteinte ni aux règlements qui sont ou seront en vigueur en matière de passeports, ni au droit de chacune des parties contractantes de prendre en tout temps des dispositions pour régler ou interdire l'immigration sur ses territoires, pourvu que lesdits règlements et dispositions soient établis pour les ressortissants de tous les autres pays.

Les stipulations du présent article ne portent non plus atteinte au droit de chacune des parties contractantes d'interdire par des mesures individuelles à des ressortissants de l'autre, le séjour ou l'établissement sur son territoire soit à la suite d'une décision judiciaire, soit pour des raisons de sûreté intérieure ou extérieure de l'Etat.

ARTICLE 2.

Les ressortissants de chacune des parties contractantes, pendant leur séjour sur les territoires de l'autre, seront, en temps de paix et de guerre, exemptés de tout service obligatoire militaire ou civil. Toutefois, en cas de calamité provenant des éléments de la nature, ils peuvent être requis de travailler.

Ils seront également exemptés de toute contribution en espèces ou en nature, imposée à titre d'équivalent du service obligatoire, militaire ou civil.

Ils seront également exemptés de tous emprunts forcés.

En général, en ce qui concerne toutes espèces d'obligations imposées par chacune des parties contractantes aux étrangers séjournant sur ses territoires et les dispenses y relatives, les ressortissants de l'autre ne seront pas placés dans des conditions moins favorables que celles où sont ou seront placés les ressortissants de la nation la plus favorisée.

ARTICLE 3.

Les ressortissants de chacune des parties contractantes jouiront sur les territoires de l'autre, en ce qui concerne l'acquisition, la possession, la disposition de biens de toute nature et le respect des droits y relatifs ainsi qu'en matière d'expropriation et de réquisitions, des mêmes droits que les ressortissants de la nation la plus favorisée.

ARTICLE 4.

Les ressortissants de chacune des parties contractantes sur les territoires de l'autre auront, à condition d'observer les lois et règlements du pays, le droit d'exercer à l'égal des nationaux tout commerce, industrie et métier qui sont en général légalement permis et qui ne sont pas interdits à tous les étrangers; à ce point de vue ils ne seront pas placés dans une situation inférieure à celle des ressortissants de la nation la plus favorisée.

ARTICLE 5.

Les ressortissants de chacune des parties contractantes résidant sur les territoires de l'autre sont soumis à la juridiction de cette dernière.

Les ressortissants de chacune des parties contractantes jouiront, à l'égal des nationaux, du droit d'ester librement devant les tribunaux de toutes instances pour faire valoir et défendre leurs droits; ils ne seront, en aucun cas, placés à cet égard dans des conditions moins favorables que les ressortissants de la nation la plus favorisée.

Les ressortissants de chacune des parties contractantes sur les territoires de l'autre auront la possibilité, quand ils s'adresseront aux tribunaux du pays de leur séjour pour la défense de leurs droits, de désigner leurs fondés de pouvoir et agents, ainsi que leurs avocats parmi les personnes de leur choix, admises à l'exercice de ces professions, en se conformant aux lois et règlements du pays.

Lesdits ressortissants ne seront pas placés en matière de cautionnement préalable des frais judiciaires et en matière de facilités accordés aux indigents dans des conditions moins favorables que les nationaux et les ressortissants de la nation la plus favorisée.

ARTICLE 6.

Les inventions, les marques de fabrique et de commerce, les échantillons et les modèles industriels appartenant aux ressortissants d'une des parties contractantes seront, sur les territoires de l'autre, protégés en conformité avec les lois et règlements en vigueur sur ces territoires. Relativement aux inventions, marques de fabrique et de commerce, échantillons et modèles industriels, ainsi qu'en matière de protection contre la concurrence déloyale, les ressortissants de chacune des parties contractantes jouiront, sur les territoires de l'autre, des mêmes droits dont jouissent ou jouiront les nationaux et les ressortissants de la nation la plus favorisée.

ARTICLE 7.

Les parties contractantes conviennent de conclure, dans le plus bref délai possible, des conventions spéciales relatives au statut personnel, à la protection

de la propriété industrielle, à la lutte contre la contrebande, à la protection des animaux et des plantes contre les maladies ou les parasites, à l'arbitrage dans les affaires civiles et à l'assistance judiciaire entre les deux États.

ARTICLE 8.

1. Les sociétés de commerce de toute nature et autres organisations économiques de nationalité persane et constituées en Perse conformément aux lois du pays, seront reconnues sur les territoires de l'Union des Républiques soviétistes socialistes en ce qui concerne leur existence juridique, leur capacité et leur droit d'ester en justice. Il ne sera pas fait obstacle à ce qu'elles exercent leur activité sur lesdits territoires, étant entendu que leur droit à faire des transactions ainsi que les transactions elles-mêmes sont soumis aux lois de l'Union des Républiques soviétistes socialistes, leur mode de constitution et leurs statuts restant d'ailleurs soumis aux lois de la Perse. Elles seront traitées sur les territoires de l'Union des Républiques soviétistes socialistes à tous égards comme les sociétés de commerce et autres organisations économiques de la nation la plus favorisée.

2. Les sociétés de commerce et autres organisations économiques, ayant la nationalité de l'Union des Républiques soviétistes socialistes et constituées dans l'Union des Républiques soviétistes socialistes conformément aux lois du pays, y compris les sociétés et organisations formées avec participation du capital d'État, seront reconnues en Perse en ce qui concerne leur existence juridique leur capacité et leur droit d'ester en justice. Il ne sera pas fait obstacle à ce qu'elles exercent leur activité sur les territoires de la Perse, étant entendu que leur droit à faire des transactions ainsi que les transactions elles-mêmes sont soumis aux lois de la Perse, leur mode de constitution et leurs statuts restant, d'ailleurs, soumis aux lois de l'Union des Républiques soviétistes socialistes. Elles seront traitées sur les territoires de la Perse à tous égards comme les sociétés de commerce et autres organisations économiques de la nation la plus favorisée.

3. Les stipulations des articles 2 à 6 de la présente convention seront respectivement appliquées aux sociétés de commerce et autres organisations économiques des parties contractantes, mentionnées aux paragraphes 1 et 2 du présent article.

4. Les commerçants, sociétés de commerce et organisations économiques de l'Union des Républiques soviétistes socialistes en Perse et les commerçants, sociétés de commerce et organisations économiques de Perse dans l'Union des Républiques des soviétistes socialistes, pourront avoir, sous les conditions établies par les règlements douaniers en vigueur dans le pays, dans les localités où ils exercent leur activité, s'il y existe des bureaux de douane, des entrepôts à eux et y entreposer leurs marchandises en franchise provisoire des taxes douanières jusqu'au moment de la sortie desdites marchandises de l'entrepôt.

5. Il reste, toutefois, entendu qu'aucune des dispositions de la présente Convention ne saurait autoriser les sociétés commerciales et autres organisations économiques de l'une des parties contractantes mentionnées aux paragraphes 1 et 2 du présent article à réclamer les privilèges spéciaux qui sont accordés par l'autre partie des sociétés réglées par des actes de concession spéciaux.

ARTICLE 9.

La représentation commerciale de l'Union des Républiques soviétistes socialistes en Perse, qui est chargée de représenter et de protéger les intérêts de l'Union en tout ce qui concerne son commerce avec la Perse, de régler et d'exercer les échanges des marchandises entre l'Union et la Perse, ainsi que de contribuer au développement des relations économiques entre les deux pays, fonctionnera sur les bases des dispositions suivantes:

La représentation commerciale de l'Union des Républiques soviétistes socialistes en Perse, qui aura son siège social à Téhéran, fera partie de l'Ambassade de l'Union en Perse. Le représentant commercial et ses deux adjoints étant considérés comme membres de l'Ambassade de l'Union jouiront de l'inviolabilité personnelle et des autres immunités accordées aux membres du Corps diplomatique. La résidence de la représentation commerciale à Téhéran bénéficiera de l'exterritorialité.

Toutefois, l'exterritorialité ne pourra empêcher l'application des dispositions suivantes :

Le Gouvernement de l'Union des Républiques soviétistes socialistes assume la responsabilité de toutes les transactions commerciales passées en Perse par la représentation commerciale. La responsabilité pour les transactions passées par les organisations économiques d'Etat de l'Union des Républiques soviétistes socialistes est à la charge desdites organisations.

Tout litige pouvant survenir au sujet des transactions commerciales passées en Perse par la représentation commerciale sera réglé par les tribunaux de la Perse conformément aux lois de ce pays. Toutefois, prenant en considération la responsabilité que l'Union des Républiques soviétistes socialistes a déclaré assumer ci-dessus pour les transactions de la représentation commerciale, il est convenu que les mesures judiciaires préventives telles que les mesures conservatoires ainsi que les mesures d'ordre administratif ne seront pas appliquées aux biens de la représentation commerciale.

L'exécution par contrainte des décisions judiciaires devenues légalement exécutoires ne sera pas appliquée aux biens de la représentation commerciale dans les cas où ces biens sont destinés à l'exercice des droits souverains de l'Etat conformément aux règles générales du droit international, ou à l'activité officielle de la représentation commerciale en tant que partie de l'Ambassade de l'Union.

ARTICLE 10.

Les parties contractantes, ayant pris en considération les prescriptions des lois et règlements sur le monopole du commerce extérieur existant dans l'Union des Républiques soviétistes socialistes ainsi que sur le monopole du commerce extérieur établi en Perse, sont convenues des dispositions suivantes :

1. La Perse admettra que l'Union des Républiques soviétistes socialistes importe, et l'Union se chargera d'importer en Perse les marchandises dont la nomenclature et le volume seront indiqués dans une liste annuelle à établir, d'accord entre le Département général du Commerce et la représentation commerciale de l'Union des Républiques soviétistes socialistes en Perse, sur la base des contingents annuels publiés par le Gouvernement de la Perse.

Au moment de la signature de la présente convention, une pareille liste sera établie entre les organes susmentionnés. Pendant la durée de la présente convention, il en sera établi une de la même manière à la fin de chaque année économique persane, qui commence le 22 juin.

Lors de la composition desdites listes les organes mentionnés à l'alinéa 1 du présent paragraphe prendront en considération la nécessité d'y maintenir le pourcentage de la participation soviétique dans l'importation de chacune des marchandises incluses dans la liste, afin que le pourcentage de l'importation soviétique ne soit pas inférieur à celui de la liste de la première année.

Il reste convenu que si, au cours de l'une des années de la durée de la présente convention, le Gouvernement de la Perse augmente par ses contingents le volume de l'importation d'une marchandise étrangère en Perse, l'Union des Républiques soviétistes socialistes recevra sa part dans cette augmentation, qui sera proportionnelle à la part qui lui revenait dans l'importation de cette marchandise avant l'augmentation du volume.

Quant aux marchandises qui ne sont pas admises actuellement à l'importation en Perse et dont l'importation serait ultérieurement autorisée par des contingents, les parties contractantes sont d'accord que l'Union des Républiques soviétistes socialistes recevra pendant la durée de la présente convention sa part dans cette importation, qui sera proportionnelle à la part qui lui revenait dans l'importation d'une pareille marchandise avant l'établissement du monopole du commerce extérieur en Perse.

L'Union des Républiques soviétistes socialistes se réserve le droit de demander, par la voie de sa représentation commerciale en Perse et au plus tard à la fin du premier semestre de chaque année économique persane, de procéder à la révision de la liste mentionnée à l'alinéa 1 du présent paragraphe afin de diminuer pour le reste de l'année le volume de l'une ou l'autre des marchandises incluses dans la liste, exception faite du sucre et des allumettes.

Une fois cette diminution faite, la Perse disposera à sa guise des montants de ces marchandises devenus disponibles pour l'importation.

2. Vu que le commerce de l'Union des Républiques soviétistes socialistes avec la Perse s'effectuera sur la base de la balance nette, la Perse consent à ne pas soumettre la délivrance des licences d'importation, demandées par les organisations économiques soviétiques et mixtes pour les marchandises incluses dans la liste mentionnée au paragraphe précédent, à la présentation préalable des certificats d'exportation des marchandises persanes.

Il reste entendu que les marchandises soviétiques importées en Perse par les marchands persans entreront dans le volume des marchandises soviétiques indiqué dans la liste annuelle et seront comptées dans la balance nette du commerce des deux pays.

Il est convenu également que le relevé provisoire des certificats d'exportation présentés sera dressé en deux périodes, savoir à la fin du mois de décembre et à la fin du mois de mai de chaque année, et que la balance nette des importations et des exportations entre les deux pays sera établie, vers la fin de l'année économique persane, entre le Département général du Commerce et la représentation commerciale de l'Union des Républiques soviétistes socialistes en Perse, sur la base des licences d'importation délivrées et des certificats d'exportation présentés.

La différence éventuelle entre les importations et les exportations, qui serait constatée au moment du relevé de la balance nette qui doit avoir lieu à la fin de chaque année économique persane, sera compensée dans le premier semestre de l'année économique suivante.

3. Pour les mêmes raisons indiquées à l'alinéa 1 du paragraphe 2 du présent article, la Perse consent à dispenser les organisations économiques soviétiques et mixtes de l'obligation de vendre les devises provenant de leurs exportations de la Perse.

4. Le Gouvernement de la Perse se chargera de délivrer par ses organes compétents aux organisations économiques soviétiques et mixtes les licences demandées par elles pour l'importation des marchandises indiquées dans la liste mentionnée au paragraphe 1 du présent article, qui est considérée comme une licence générale. Cette délivrance s'effectuera sans retard et formalités habituelles.

Lesdites licences autoriseront l'importation des marchandises y mentionnées par tous les bureaux de la Douane persane.

5. Il demeure entendu entre les parties contractantes que (1) les commandes du Gouvernement de la Perse faites dans l'Union des Républiques soviétistes socialistes, (2) les fabriques, machines et leurs accessoires qui ne seraient pas destinés à la vente et dont l'installation contribuerait à diminuer l'importation des produits étrangers en Perse, (3) les matériels d'installation et les objets nécessaires pour les besoins du service des organisations économiques soviétiques ou mixtes en tant que ces matériels et objets de la qualité nécessaire ne se produisent pas en Perse, après leur importation en Perse en conformité de la loi persane sur le monopole du commerce extérieur, n'entreront pas dans le compte de la balance nette prévu au paragraphe 2 du présent article; c'est-à-dire qu'ils ne compteront pas dans la liste susmentionnée et n'auront pas à être couverts par l'exportation.

6. Le sucre et les allumettes étant devenus en Perse l'objet d'un monopole d'Etat, les parties contractantes conviennent que pendant la durée de la présente convention l'Union des Républiques soviétistes socialistes fournira au Gouvernement persan la totalité des importations à effectuer en Perse pour ces deux marchandises.

Les contrats de fourniture de ces marchandises réglant les prix de vente, les termes de fourniture, les lieux de livraison, les modalités de paquetage, &c., seront conclus avant la ratification de la présente convention.

7. La Perse accepte d'assurer à l'Union des Républiques soviétistes socialistes pendant la durée de la présente convention l'importation de la quantité du pétrole et de ses dérivés incluse dans la liste mentionnée au paragraphe 1 du présent article.

ARTICLE 11.

Les parties contractantes conviennent de ne pas placer sur leurs territoires respectifs le commerce, les marchandises, les organisations économiques et les commerçants de l'autre dans des conditions moins favorables que celles où se

trouveraient le commerce, les marchandises, les organisations économiques et les commerçants de n'importe quel tiers pays.

Elles conviennent de n'entraver l'échange des marchandises entre elles, hors les restrictions ou prohibitions légales ou entendues entre elles, par aucune restriction ou prohibition visant leurs importations ou exportations.

Chacune des parties contractantes accorde à l'autre le traitement de la nation la plus favorisée en matière d'importation, de vente, d'achat, d'exportation, d'accomplissement des formalités de douane relatives à l'entreposage, à l'emmagasinage, à la réexportation et au remboursement des droits et taxes perçus à l'importation ainsi qu'au transbordement et à toutes les opérations de même ordre imposées aux marchandises lors de leur importation, de leur exportation ou de leur transit. Elles accorderont le même traitement en ce qui concerne les cautions et les taxes afférentes à ces diverses manutentions.

ARTICLE 12.

Les parties contractantes conviennent qu'à l'exception des produits naturels et industriels de la Perse dont l'exportation est généralement prohibée pour n'importe quel tiers pays, l'exportation des autres produits par les organisations économiques soviétiques et mixtes s'effectuera conformément aux lois en vigueur, sans difficultés ni entraves.

Il est convenu que les produits naturels et industriels de la Perse peuvent être importés dans l'Union des Républiques soviétiques socialistes tant par les organisations économiques soviétiques et mixtes que par les marchands persans.

Il est également convenu que les marchandises persanes importées dans l'Union des Républiques soviétiques socialistes par des marchands persans seront comptées dans la balance nette du commerce entre les deux pays.

ARTICLE 13.

Les parties contractantes conviennent de s'accorder réciproquement le traitement de la nation la plus favorisée en ce qui concerne le transport des voyageurs, des bagages et des marchandises par chemin de fer ou par voie de terre en général, par voie d'eau ou d'air.

Chacune des parties contractantes accordera à l'autre, tant en matière de tarifs et de taxes de transport et toutes autres taxes afférentes au transport, qu'en ce qui concerne l'ordre d'expédition et sa célérité par toutes les voies susmentionnées, le traitement le plus favorable qu'elle accorde à ses ressortissants ou à l'une quelconque de ses propres organisations économiques, sans préjudice du traitement de la nation la plus favorisée prévu à l'alinéa précédent.

ARTICLE 14.

Chacune des parties contractantes prenant en considération l'importance des moyens de transport pour le développement de son commerce avec l'autre partie ne réquisitionnera sur ses territoires les moyens de transport, automobiles, véhicules à roues, bêtes de somme, que les ressortissants et les organisations économiques de l'autre posséderont ou utiliseront sur son territoire, en vertu de contrats dûment enregistrés près des autorités compétentes, que pour le cas de calamités provenant des éléments de la nature ou de besoins militaires. La réquisition ne pourra avoir lieu que sur les ordres de l'autorité centrale. Il en sera donné connaissance dans chaque cas séparé en dû temps à la représentation diplomatique de l'autre partie. Il est entendu que dans de pareils cas les autorités du Gouvernement ayant pris des mesures de réquisition feront tout leur possible pour aider le transport des marchandises de l'autre partie.

Pour l'utilisation qui aura été ainsi faite des moyens de transport appartenant à un ressortissant ou à une organisation économique de l'une des parties contractantes par les autorités de l'autre sera payée l'indemnité d'usage.

En tout cas, les moyens de transport appartenant aux représentants diplomatiques et consulaires et ceux des représentants commerciaux auxquels les privilèges diplomatiques ont été accordés en vertu de la présente convention seront dispensés de toute réquisition.

ARTICLE 15.

1. En considération des intérêts commerciaux de la Perse, conformément à l'article 20 du traité du 26 février 1921 et en vue de préciser ses stipulations, l'Union des Républiques soviétiques socialistes accorde le libre transit par ses territoires aux produits naturels et industriels de la Perse à destination de tout tiers pays.

De son côté, la Perse accorde le libre transit par ses territoires aux produits naturels et industriels de l'Union des Républiques soviétiques socialistes à destination de tout tiers pays.

2. L'Union des Républiques soviétiques socialistes accorde en outre aux sociétés de commerce et aux marchands persans le droit d'exporter librement à n'importe quelle destination les produits naturels et industriels importés de Perse sur ses territoires et qui n'y ont pas été vendus. A condition d'établir l'identité des produits qu'ils exportent avec ceux qu'ils avaient importés, les droits de douane qu'ils avaient acquittés à l'entrée seront, à la sortie du territoire douanier de l'Union, remboursés aux sociétés de commerce ou aux marchands persans.

3. L'Union des Républiques soviétiques socialistes accorde le libre transit par ses territoires et à destination de la Perse aux produits naturels ou industriels mentionnés ci-dessous, en provenance des pays ayant avec l'Union des Républiques soviétiques socialistes un traité, un accord ou une convention de commerce :

- (a) Machines, outils et matériel pour les fabriques et usines, ainsi que pour les entreprises agricoles; machines outils et matériaux pour la construction et l'entretien des maisons et bâtiments; machines, outils, matériel et matériaux pour l'aménagement et l'utilisation des voies et moyens de transport de toute nature et pour les besoins des entreprises d'utilité publique;
- (b) Médicaments de toute espèce; instruments de chirurgie et appareils de prothèse;
- (c) Papier et imprimés;
- (d) Graines de ver à soie;
- (e) Thé;
- (f) Articles d'éclairage et de chauffage;
- (g) Bicyclettes, motocyclettes, voitures et camions, automobiles, leurs accessoires et pièces détachées.

4. Les commandes du Gouvernement de la Perse qui ne seraient pas destinées au commerce, faites dans des tiers pays ayant avec l'Union des Républiques soviétiques socialistes un traité, un accord ou une convention de commerce, auront, sans distinction d'objets de commande, à l'exception des armes et des munitions, le droit de transiter librement par l'Union des Républiques soviétiques socialistes.

Quant aux commandes du Gouvernement persan, également non destinées au commerce et sans distinction d'objets de commande, à l'exception des armes et des munitions, faites dans des tiers pays n'ayant pas avec l'Union des Républiques soviétiques socialistes un traité, un accord ou une convention de commerce, le Gouvernement de l'Union des Républiques soviétiques socialistes considérera les demandes de ce genre avec le maximum de bienveillance et accordera les facilités possibles.

5. Il demeure entendu que les dispositions du présent article ne portent aucun préjudice au transit des colis-postaux par l'Union des Républiques soviétiques socialistes à destination de la Perse, qui est réglé par la convention spéciale du 2 août 1929, laquelle reste en force conformément aux dispositions dudit acte.

6. De son côté, la Perse accorde le libre transit par ses territoires dans l'Union des Républiques soviétiques socialistes aux produits du sol et de l'industrie de tout tiers pays à l'exception des armes et des munitions.

7. Il est convenu qu'en matière des conditions de la réalisation du transit prévu ci-dessus chacune des parties contractantes accordera à l'autre le traitement de la nation la plus favorisée.

ARTICLE 16.

Les parties contractantes conviennent que, conformément aux principes proclamés par le traité du 26 février 1921 entre la République socialiste

fédérative des Soviets de Russie et la Perse, dans toute l'étendue de la mer Caspienne ne peuvent se trouver que des navires appartenant à l'Union des Républiques soviétistes socialistes ou à la Perse, ainsi qu'aux ressortissants et aux organisations de commerce et de transport de l'une des deux parties contractantes, naviguant respectivement sous le pavillon de l'Union des Républiques soviétistes socialistes ou sous celui de la Perse.

Elles conviennent également de n'avoir, chacune, dans les équipages de ses navires que des personnes qui soient ses ressortissants.

ARTICLE 17.

1. Les navires de commerce naviguant sous le pavillon de l'une des parties contractantes dans la mer Caspienne seront traités dans les ports de l'autre, à leur entrée, pendant leur séjour et à leur sortie, à tous égards comme les navires nationaux.

2. Ils n'acquitteront d'autres taxes de port que celles légalement établies pour les navires nationaux, aux mêmes conditions et avec les mêmes exceptions.

Toutefois, pour appliquer lesdites taxes, ne seront pas considérés comme marchandises importées ou exportées et n'entreront pas en ligne de compte :

- (a) Les bagages des passagers qui ne sont pas compris dans la cargaison. Par bagages, il faut entendre, outre les petits colis à main, tous les objets transportés en vertu d'un récépissé de bagages.
- (b) Le combustible, l'approvisionnement pour l'équipage et les passagers, les articles d'équipement et de fournitures pour le navire, en quantités nécessaires pour la durée de la traversée, à moins qu'on ne les décharge dans le port pour y être laissés.
- (c) Les cargaisons déchargées en raison d'avaries ou pendant d'autres arrêts occasionnels dans le port, si elles sont rechargées sur le bateau pour être transportées au port de destination.
- (d) Les cargaisons transbordées sur d'autres bâtiments pour la continuation de leur transport par mer.
- (e) Les cargaisons transportées par les bâtiments d'un tonnage inférieur à 12 kharvars, ce qui est équivalent à 3 tonnes et demie.

3. Le cabotage est réservé aux bateaux nationaux. Il est convenu, toutefois, que chacune des parties contractantes accorde aux bateaux sous le pavillon de l'autre le droit de cabotage pour le transport des passagers et des cargaisons dans la mer Caspienne.

4. Nonobstant les dispositions qui précèdent, chacune des parties contractantes entend réserver à son propre pavillon la pêche dans les eaux baignant ses côtes, jusqu'à une limite de 10 milles marins, ainsi que conserver le droit de faire bénéficier d'avantages préférentiels l'importation des poissons pris par les équipages des navires naviguant sous son pavillon.

5. Pour les mers autres que la mer Caspienne, les navires naviguant sous le pavillon de l'une des parties contractantes jouiront dans les eaux territoriales et dans les ports de l'autre, quant aux conditions de navigation, des mêmes droits et avantages que ceux accordés aux navires naviguant sous le pavillon de la nation la plus favorisée à cet égard.

ARTICLE 18.

Les parties contractantes conviennent qu'en ce qui concerne les mesures sanitaires à appliquer aux bateaux de l'une qui se trouvent dans les ports de l'autre situés sur la mer Caspienne, application sera faite des dispositions de la Convention internationale sanitaire signée à Paris le 26 juin 1926, compte tenu des réserves que chacune des parties a faites en signant cette convention.

ARTICLE 19.

Les certificats de jaugeage, délivrés aux navires naviguant dans la mer Caspienne respectivement sous le pavillon de la Perse et de l'Union des Républiques soviétistes socialistes par les organismes compétents des parties contractantes que chacune notifiera à l'autre, seront réciproquement reconnus dans les ports des deux parties. Les navires ayant de tels certificats de jaugeage ne

seront pas soumis à une nouvelle inspection dans les ports de l'autre. Egalement, dans les ports des deux parties contractantes situés sur la mer Caspienne seront réciproquement reconnus les certificats, délivrés aux navires par les organismes susmentionnés et relatifs à la navigabilité, à la ligne de charge et tous autres documents techniques du navire.

ARTICLE 20.

La présente convention sera ratifiée par les organes législatifs des deux parties contractantes et l'échange des instruments de ratification aura lieu à Moscou.

Elle est conclue pour trois ans et entrera en vigueur à partir du jour de l'échange des instruments de ratification.

En foi de quoi les plénipotentiaires susmentionnés ont signé la présente convention et y ont apposé leurs sceaux.

Fait à Téhéran, en double exemplaire, le 27 octobre 1931.

M. A. FEROUGHI.
A. PETROVSKY.

PROTOCOLE FINAL.

Au moment de la signature de la Convention d'Etablissement et de Commerce entre leurs pays respectifs, les soussignés ont arrêté les points supplémentaires suivants, qui feront partie intégrante de ladite convention :

Ad Article 9.

Au cas où la Perse viendrait à établir une représentation commerciale dans l'Union des Républiques soviétistes socialistes, elle y jouira des mêmes droits et privilèges qui sont ou seront accordés en Perse à la représentation commerciale de l'Union des Républiques soviétistes socialistes.

Quant à son droit d'exercer des échanges de marchandises entre les deux pays, vu le monopole du commerce extérieur établi en Perse, ce droit sera identique à celui de la représentation commerciale de l'Union des Républiques soviétistes socialistes en Perse, si les transactions découlent dudit droit sont faites par ordre et pour le compte du Gouvernement de la Perse.

Ad Article 10.

1. Prenant en considération que l'année économique persane commence au 22 juin, mais que la présente convention a été signée le 27 octobre 1931, les parties contractantes conviennent que, pour la période restant à courir du jour de la mise en vigueur de la présente convention jusqu'au 22 juin 1932, les quantités de marchandises à importer par l'Union des Républiques soviétistes socialistes en Perse, selon la liste mentionnée à l'article 10, seront réduites à proportion du nombre de mois restant à courir.

2. Les parties contractantes sont également tombées d'accord que pour les mêmes raisons le relevé provisoire des certificats, prévu à l'alinéa 3 du paragraphe 2 de l'article 10 ne sera fait, pendant le période entre le moment de l'entrée en vigueur de la présente convention et le 22 juin 1932, qu'une seule fois, savoir vers la fin du mois de mai 1932.

3. L'importation en Perse par les organisations économiques soviétiques et mixtes des marchandises qui ne sont pas mentionnées dans la liste prévue à l'alinéa 2 du paragraphe 1 de l'article 10 et dont l'importation est autorisée par les contingents publiés par le Gouvernement de la Perse, peut s'effectuer, sur la base de la balance nette, selon les règles générales de la loi du monopole, sans préjudice toutefois des avantages accordés par les paragraphes 2 et 3 de l'article 10 de la présente convention.

Ad Articles 11 et 12.

Il est convenu que, par organisations mixtes mentionnées dans la convention, il faut entendre les sociétés suivantes: Chark, Perskhopok, Persazneft, Bureau Perse, Rousspersbank, Société de Kévirkhourian et Perseryba.

Les articles de la convention où il s'agit d'opérations commerciales ne sont applicables qu'à celles de ces sociétés qui effectuent les exportations ou les importations.

Lesdites sociétés, à l'exception, toutefois, de celle de Kévirkhourian et de la Perseryba, dont les conditions de fonctionnement restent régies par les accords spéciaux existant à leur sujet, conservent le droit de mettre fin à leur activité et de procéder à leur liquidation, ou encore d'acquiescer le caractère d'organisations purement soviétiques. Dans ce dernier cas elles bénéficieront des avantages accordés par la convention aux organisations économiques soviétiques.

Ad Article 13.

L'alinéa 2 de l'article 13 est applicable aux marchandises importées par les commerçants persans, sur le parcours de ces marchandises de la frontière jusqu'aux lieux de destination ainsi qu'aux marchandises transitant par l'Union des Républiques soviétiques socialistes.

Ad Article 15.

1. Il demeure entendu que la liberté du transit prévue à l'article 15 ne saurait s'étendre à des marchandises dont l'entrée sur les territoires respectifs des parties contractantes est prohibée par les lois et règlements du pays.

Pour le transit par les territoires de l'Union des Républiques soviétiques socialistes, elle ne s'étend pas non plus à la santoline ni au semen-contra.

2. Les deux parties contractantes se déclarent d'accord qu'au moment où l'une d'elles désirera faire passer en libre transit à travers les territoires de l'autre ses armes et munitions provenant d'un tiers pays quelconque, celle-ci considérera la demande y relative avec la plus grande bienveillance et accordera à cet effet les facilités possibles.

Ad Article 16.

Parmi les ressortissants mentionnés à l'article 16 ne sont pas compris les ressortissants des tiers États devenus ressortissants de l'une des parties contractantes, non plus que les anciens sujets de l'ex-Empire de Russie qui ne sont pas devenus citoyens de l'Union des Républiques soviétiques socialistes.

Ad Article 17.

Les dispositions du paragraphe 4 de l'article 17 ne portent en rien atteinte ni aux dispositions de l'accord sur l'exploitation des pêcheries sur la côte méridionale de la mer Caspienne signé entre les parties contractantes le 1^{er} octobre 1927, ni par conséquent à l'activité de la Perseryba.

Fait à Téhéran, en double exemplaire, le 27 octobre 1931.

M. A. FEROUCHI.
A. PETROVSKY.

LISTE des Marchandises soviétiques à importer au cours de l'Année économique 1310-1311, conformément à l'Article 10 de la Convention d'Etablissement, de Commerce et de Navigation signée le 27 Octobre 1931.

Marchandises.	Contingent de l'Année économique 1310-1311 en Rials.	Part de l'U.R.S.S.	
		Sommes en Rials de la Part de l'U.R.S.S.	Pourcentage de l'U.R.S.S.
Sucre (en pain et en poudre)	33,000,000	33,000,000	100
Allumettes	1,000,000	1,000,000	100
Kérosine	5,875,000	5,875,000	100
Benzine	6,300,000	6,300,000	100
Mzout	450,000	450,000	100
Nefte	225,000	225,000	100
Goudron et autres résidus	500,000	500,000	100
Grease, mobil oil, et autres huiles minérales raffinées, ou non	2,000,000	1,000,000	50
Tissus de coton	44,500,000	24,447,500	55
Métaux ouvrés	4,370,000	2,840,050	65
Galoches	600,000	552,000	92
Ouvrages en caoutchouc (y compris bandages, pneus et résine)	3,500,000	805,000	23
Porcelaine, faïence et verrerie	1,526,000	1,159,760	76
Ciment et ouvrages en ciment	830,000	600,090	72.3
Graines de vers à soie	750,000	300,000	40
Produits chimiques	500,000	250,000	50
Teintures et couleurs	1,650,000	198,000	12
Droguerie (à l'exception de l'huile de ricin, d'amande de pavot et de graine de coton)	2,000,000	400,000	20
Papiers, cartons, papiers pour revêtement des murs et autres ouvrages en papier	1,660,000	1,120,380	66.3
Machines, moteurs, pièces de rechange, instruments techniques, outillages électriques et lampes électriques (exception faite, pour les objets regardés comme mobiliers)	5,800,000	3,108,800	53.6
Fil à coudre	760,000	425,600	56
Toiles cirées	160,000	48,000	30
Cordes et ficelles, &c.	260,000	150,800	58
Eaux minérales et vins médicinaux	66,000	36,960	56
Alcool pur	16,000	9,600	60
Savons parfumés	80,000	40,000	50
Bougies	80,000	16,000	20
Fournitures de bureau et sonnettes	330,000	66,000	20
Instruments de musique	100,000	55,000	55
Montres et mouvements séparés ou pièces détachées	330,000	9,900	3
Appareils cinématographiques, photographiques et accessoires	260,000	39,000	15
Cuir ouvrés et ouvrages en cuir	1,600,000	320,000	20
Végétaux et plantes végétales à l'exception des graines de chanvre, ricin et sésame	50,000	32,500	65

YASSAI.

TCHETSOFF.

Import Quotas assigned to Russians under Russo-Persian Commercial Treaty of October 27, 1931.

Imports Enumerated in Russo-Persian Treaty.	Rubric No.	Present Import Quotas for whole Country.	Quotas Previously Fixed where Different.	Percentage Assigned to Russians.	Russian Percentage, 1929-30.	United Kingdom Percentage, 1929-30.	Indian Percentage, 1929-30.	British Empire Percentage, 1929-30.
1. Sugar (loaf and powder) ..	120/21	Rials. 33,000,000	..	100	79.8	0.1	0.4	0.5
2. Matches ..	5/6	1,000,000	..	100	78.8	..	..	..
3. Kerosene ..	158/9	5,875,000	..	100	99.9	..	..	..
4. Benzine ..	160/2	6,300,000	..	100	96.6	2.7	0.1	2.8
5. (Mazout) ..	163/4	450,000	..	100	97.0	1.4	0.1	1.5
6. Napht crude oil ..	156/7	225,000	13,300,000	100	100.0	..	..	..
7. Tar and other residues ..	170	500,000	..	100	56.6	0.3	16.3	16.6
8. Grease, mobil-oil and other mineral oils, refined or otherwise ..	165/166	2,000,000	..	50	23.8	57.8	1.3	59.1
9. Cotton tissues ..	Total ..	15,350,000	..	..	..	..	..	..
10. Worked metals ..	236/8	44,500,000	44,450,000	55	53.0	24.5	18.1	42.6
11. Galoshes ..	305/9, 311/5, 319 and 335/339	4,370,000	..	65	48.1	3.3	3.6	6.9 Cf. Note.
12. Rubber goods, including tyres and tubes ..	53	600,000	..	92	99.7	..	..	..
13. Porcelain, earthenware and glassware ..	52, 54/56 and 449/450	3,500,000	..	23	15.8	8.5	..	8.5
14. Cement ..	390 and 432/8	1,526,000	..	76	72.7	3.3	0.6	3.9
15. Silk-worm eggs ..	60/61	850,000	..	72.3	75.0	4.7	1.9	6.6 Cf. Note.
16. Chemical products ..	185	750,000	1,400,000	40.0	45.1	..	..	..
17. Dyes, colours and varnishes ..	400/401	500,000	..	50	38.9	8.5	18.7	27.2 Cf. Note.
18. Drugs (except castor oil, almond, poppy and linseed oils) ..	418/423/5	1,650,000	..	12	7.7	11.0	4.9	15.9
19. Paper, cardboard, wallpaper and other paper work ..	130/1	2,000,000	..	20	8.4	18.0	6.3	24.3
20. Machines, motors, spares, technical instruments, electric tools and lamps (except for furniture) ..	355/360 (-357)	1,660,000	..	66.3	38.4	9.0	4.0	13.0
21. Sewing cotton ..	175/184 and 283	5,800,000	..	53.6	14.4	7.4	0.9	8.3 Cf. Note.
22. Oil cloths ..	202	700,000	..	56	56.5	13.0	13.5	26.5
23. Rope and string ..	276	160,000	..	30	16.4	31.5	2.9	34.4
24. Mineral waters and medicinal wines ..	214	260,000	..	58	58.0	14.0	23.6	37.6
	45/46	66,000	..	56	73.3	5.0	0.3	5.3

Imports Enumerated in Russo-Persian Treaty.	Rubric No.	Present Import Quotas for whole Country.	Quotas Previously Fixed where Different.	Percentage Assigned to Russians.	Russian Percentage, 1929-30.	United Kingdom Percentage, 1929-30.	Indian Percentage, 1929-30.	British Empire Percentage, 1929-30.
25. Pure alcohol ..	3	16,000	..	60	92.4	2.8	0.1	2.9
26. Perfumed soap ..	407	80,000	..	50	40.0	30.0	1.6	31.6
27. Candles ..	50	80,000	..	20	1.7	16.3	44.3	60.6
28. Office furniture and bells ..	288	330,000	..	20	10.4	43.0	2.8	45.8
29. Musical instruments ..	172/4	100,000	..	55	45.7	8.5	2.2	10.7
30. Watches and parts ..	340/346	330,000	..	3	0.7	1.2	1.4	2.6
31. Cinema and photo apparatus and accessories ..	279	260,000	..	15	1.5	18.8	0.6	19.4
32. Worked leather and leather work ..	375/381	1,500,000	..	20	7.4	11.5	19.7	31.2
33. Plants (except hemp, castor and sesame seeds) ..	427/8 and 431	50,000	..	65	26.0	1.4	13.6	15.0

N.B.—The percentages for Nos. 10, 14, 16 and 20 have been calculated without including the imports of the A.P.O.C. for their own requirements. If these imports are included, the percentages would be:—

	Russian.	United Kingdom.	Indian.	British Empire.
No. 10 ..	13.8	72.2	1.0	75.2
" 14 ..	51.8	36.7	1.3	38.0
" 16 ..	13.0	69.1	6.3	75.4
" 20 ..	6.1	60.5	0.4	60.9

Enclosure 3 in No. 142.

Authorised Imports for which no Quota assigned to Russians under
Commercial Treaty of October 27, 1931.

Rubric No.		1929-30 Imports (in Krans).	
		Russian.	Total.
69/70	Coffee	5,045	748,925
123/4	Tea	83,116	70,129,495
142/4	Spices	7,395	4,706,835
147	Hats	..	199,320
152	Umbrellas	..	201,905
188	Asbestos, mica	..	5,291
191	Worked asbestos, mica, &c.	4,847	41,410
203	Cotton yarn	..	19,526,900
204	Wool yarn	540	1,021,979
207	Silk yarn	10	38,971
253	Common tissues for packing, sacks, &c.	2,517,265	3,828,327
			(India, 1,296,373)
262	50-97 per cent. wool tissues	70	6,637,125
244	Pure wool tissues	24,170	19,803,497
277	Telephones, telegraph and accessories	266,535	1,128,166
280	Sealing wax	23,564	30,746
278	Typewriters and parts	..	461,140
281	Optical glasses	110	267,268
282	Cork	16,275	47,405
284	Needles, pins, &c.	170	1,229,603
285	Toys and games	405	53,562
286	Boxes, wood or metal	620,051	684,694
287	Polishes	11,995	154,415
289	Toilet articles	12,965	1,024,669
290	Travelling articles	8,932	352,196
291	Lanterns	8,450	526,815
292	Gramophones, &c.	21,688	2,713,577
293	Ironmongery, household utensils	1,685,037	3,378,954
			(Germany, 841,123; U.K., 252,173; Japan, 114,399; India, 336,091)
294	Table silver	137,261	787,475
302	Ordinary lamps	237,782	712,494
391	Powder and explosives	7,780	9,600
392	Sporting ammunitions	12,423	185,262
394	Fuses and detonators	63,700	1,331,219
402/3	Lithographic, &c., products	19,917	994,162
406	Resin and bitumen	21,218	61,565
416	Cigars	..	64,368
440	Vehicles (not motor)	36,745	38,315
441	Trucks (motor)	..	19,104,275
442	Vans, buses	6,084,281	225,995
445	Cars of less than 30,000 krans	6,200	14,174,790
444	Cars of over 30,000 krans	..	273,995
446	Motor-cycles and side-cars	..	151,731
447	Bicycles	24,660	924,996
448	Other vehicles	2,315	254,704
451	Parts of all vehicles	195,645	9,699,987
	Grand total	6,084,281	187,938,023

Russian imports: 3.2 per cent. of total.

[E 5956/328/34]

No. 143.

Mr. Hoare to Sir John Simon.—(Received December 1.)

(No. 653.)

Sir,

Tehran, November 17, 1931.

WITH reference to Mr. Dodd's despatch No. 561 of the 7th October, I should like to make clear the position in which the Persian Minister of Finance found himself when His Majesty's Government decided to suspend the gold standard, and the course subsequently adopted by his Excellency.

2. Taghi Zadeh, in his budget for the year ending the 21st March next, had allowed for his foreign commitments, of which the greater portion are not in sterling, at the rate of 90 krans to the pound. If his calculations were not to be upset, therefore, he was bound to reduce the official kran-sterling rate in proportion to the fall in the exchange of value of sterling in terms of gold. This was the decision arrived at by the Rate Fixing Commission on the 30th September, but it was apparently by mistake that new rates were published and put into force. Taghi Zadeh, at the time, had an overbought position as the result of what is tantamount to a promise extracted from the Anglo-Persian Oil Company some months ago to sell not less than £45,000 a month to the Government. He consequently revoked the new kran-sterling and kran-rupee rates on the 3rd October, and instructed the banks to sell sterling and rupees on Government account at the old official rates of 90 krans (actually 90.10 krans) and 666 krans (Mr. Dodd's telegram No. 226 of the 6th October).

3. Taghi Zadeh, however, failed to realise that he would not be able to sell very much in this way. He was, in fact, immediately suspected by the Iraqis, who control the Tehran black bourse, of wishing to offload as much sterling as possible before reducing the official rates once more—an impression which was confirmed by the fact that the banks were only buying for immediate resale—and in a very short time there were no buyers to be found, whilst all and sundry holders of sterling and rupees rushed in to sell, so much so that the bazaar rate actually fell a point or two below the bank rate. The Imperial Bank of Persia sold more than £6,000 on Government account; the National Bank, according to Mr. Wilkinson's estimate, bought from the Government approximately £150,000, largely for its own purposes.

4. Although he still had an overbought position because purchasers of sterling were not forthcoming, and because he could no longer refuse to sell krans to the Anglo-Persian Oil Company as reported in my despatch under reference, Taghi Zadeh realised early in November that he could no longer maintain the rate of 90 krans.

5. I attach a list of the rates which were introduced on the 11th November. As already stated, the kran-sterling rate is fixed on the arbitrary official selling rate for telegraphic transfer on Paris of 72.90 krans equal 100 fr., and this kran-sterling rate is intended to vary with the fluctuations in the London-Paris exchange. Similarly, the kran-rupee rate is fixed on the kran-sterling rate and is intended to vary with the fluctuations in the London-Bombay exchange. In practice, it has not been found necessary to change the kran-sterling and kran-rupee rates from day to day, as the Anglo-Persian Oil Company normally sell at regular intervals, and all the other purchases of exchange effected by the banks are on the resale system. These bring in a fixed commission and do not call for accurate fractional calculations.

6. Taghi Zadeh's amazing simplicity is well brought out by a notice which the banks have just published under instructions from the Ministry of Finance to the effect that the Government, which, "of course, cannot bear the losses on the exchange it purchased from exporters," have decided to sell their surplus sterling (estimated at £200,000) at 90 krans "to those desirous of importing machinery and equipment for factories, and also to those who have debts owing abroad on account of engagements contracted prior to the introduction of the Exchange Control Law and who have not been able to procure exchange owing to its scarcity." In practice, no importer of machinery is going to buy from the Government at 90 krans when he can buy at round about 82 krans in the bazaar, and the authorities are so anxious to stimulate the importation of machinery that they are not at all likely to enquire into the origin of the exchange used to pay for it. Very few Persian importers, also, have availed themselves of the offer recently made to them of settling their foreign obligations at 90 krans to the

pound, and very few more will be prevailed upon to do so. It is also typical of Taghi Zadeh and his unbusiness-like methods that he expected the banks to sell exchange for him without charging a commission, thinking it quite natural that the 1 kran difference should redound to the credit of the Government.

7. A very small number of exchange transactions have been put through in the bazaars recently. The sales of sterling on Government account have greatly affected the confidence which had at first been felt in the pound, whilst the astonishing rise in the price of silver has engendered confidence in the kran. To-day's report of a sudden fall in silver of 3½d. per ounce must, therefore, have come as a serious shock. At the moment the only real buyers are the Russians, who have no scruples in purchasing quite openly at 82 krans or thereabouts with a view, it is reported, to financing their purchases of sugar, presumably in Czechoslovakia.

8. The deputy manager of the Imperial Bank expressed the opinion, in conversation with the commercial secretary, that the existence of the black bourse would become extremely precarious if the resale system, practised by the banks on exactly the same lines as of old, were abolished—the reason being that it is only bank paper which finds a ready market in the bazaars. (Actually, the banks will only accept for resale bankers' telegraphic transfers, bankers' drafts, bank notes, and any form of approved exchange against bills in hand.) M. d'Alton said he was most surprised that Teymourache had not put an end to it, as he could have done, and as he told Mr. Lingeman he proposed to do in April last, when he referred to the system as a "fraud légale." That is exactly what the present arrangement between the two banks amounts to. It undoubtedly contravenes both the exchange and the monopoly laws, but the Persian Government close their eyes to it.

9. This particular agreement, which came into force on the 1st April, is not likely to last much longer than its predecessors, I understand, as the Imperial Bank accused their competitors of reducing the agreed commission of 1 kran to 12 shahis. Mr. Wilkinson, in fact, has come round to the view that it is best to avoid agreements which tie the hands of his own bank while letting the National Bank free to operate as they see fit.

10. The only other aspect of the exchange question on which I need touch is concerned with the decision of the Minister of Finance to open an account with the Paris office of the Westminster Bank. The Imperial Bank some weeks ago was asked to convert £200,000 into francs for the account of the Government; also the 5½ lakhs which it bought from the Anglo-Persian Oil Company three days ago, the same amount bought by the National Bank having presumably met the same fate. Taghi Zadeh, moreover, has obtained a loan of 5 million francs from the Imperial Bank to meet his expenses abroad, of which he has so far taken up 2 million francs.

11. A copy of this despatch is being sent to the Foreign Secretary to the Government of India, to His Majesty's High Commissioner for Iraq, and to the Department of Overseas Trade.

I have, &c.

R. H. HOARE.

Enclosure in No. 143.

Control Commission Rates.

Place.	Buying.		Selling.	
	D.	T.T.	D.	T.T.
Paris	71.30	71.45	72.75	72.90
London	68.90	69.05	70.30	70.45
New York	1,813.25	1,816.90	1,850.30	1,854.00
Geneva	355.30	356.00	362.55	363.25
Berlin	430.85	431.70	439.60	440.50
Bombay	520.80	521.85	531.45	532.50
Milan	93.65	93.85	95.55	95.75
Amsterdam	737.90	739.40	753.00	754.50
Brussels	255.25	255.75	260.50	261.00

The Imperial Bank of Persia,
Tehran, November 10, 1931.

[E 5957/439/34]

No. 144.

Mr. Hoare to Sir John Simon.—(Received December 1.)

(No. 655.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of a note to the Persian Minister for Foreign Affairs, dated the 9th November, on the subject of the Imperial Airways.

Tehran, November 18, 1931.

Enclosure in No. 144.

Mr. Hoare to M. Feroughi.

M. le Ministre,

Tehran, November 9, 1931.

AS your Highness is aware, from the report contained in my note of the 1st instant, Imperial Airways have satisfied themselves that the route through Central Persia is quite impossible for a regular commercial air service.

2. The company's right under existing agreements to use the present route expires on the 31st March, and the question of future arrangements for the air service between the United Kingdom and India requires a prompt decision.

3. His Majesty's Government in the United Kingdom and the Government of India would, of course, greatly appreciate it if the Persian Government were prepared to extend for a further term of years the present authorisation by which Imperial Airways call at Bushire, Lingah and Jask. The two Governments like to believe that some slight political and material advantage accrues to the Persian Government from the fact that Persian territory now forms an important link on one of the great lines of world communications, the development of which is unanimously regarded as one of the most important factors of modern progress.

4. Your Highness will readily understand that any uncertainty with regard to the future must inevitably be a cause of embarrassment. It will therefore be greatly appreciated if this question can receive the prompt attention of the Imperial Government, who will, I have no doubt, examine it with a full appreciation of its international importance.

I avail, &c.

R. H. HOARE.

[E 5978/5978/34]

No. 145.

Persian Minister for Foreign Affairs to Secretary-General, League of Nations.—(Communicated by Secretary-General; Received in Foreign Office, December 2.)

Tehran, October 22, 1931.

IN your letter of the 2nd October, 1931, you were good enough to forward the text of the Assembly resolution of the 29th September regarding the armaments truce and to ask me whether the Persian Government was prepared to accept the truce as proposed by the Assembly.

During the debates of the Preparatory Disarmament Commission, the Persian delegates have several times had occasion to explain the special situation of the Persian army and the consequences involved by this situation.

Of quite recent origin and of a purely defensive character, in a country with a very limited budget, the Persian army has not yet been able to acquire the standard of organisation and the quantity of material which are essential to it, not so much to protect an immense length of frontier as to fulfil its task of keeping order in a country of vast extent and still inadequate communications.

Willing though she is to add her efforts to those of the other countries wishing to limit armaments to the minimum compatible with national security, Persia has been obliged to make the same reservations as several other delegations in connexion with the limitation of the budgetary expenditure of States which,

at the time of the signature of the future convention, have not yet been able to carry out their minimum defensive programme by reason, notably, of economic circumstances, of the purchasing power of their currency and of their industrial capacities. In our opinion, these reservations also hold good with regard to the proposal for an armaments truce. Our country is certainly not engaging in any way in the "competition in armaments" alluded to in the Council's resolution. The comparatively trifling proportion of the financial resources which it devotes to its armaments and the purely defensive character of its army obviously cannot give rise for a moment to the supposition that the reservations in question can in any way hamper the speedy realisation of a programme which is in keeping with the aspirations of our own people as of those of the whole world.

M. A. FEROUHI.

[E 6073/841/34]

No. 146.

Admiralty to Foreign Office.—(Received December 8.)

(Secret.)

Sir,

Admiralty, December 7, 1931.

I AM commanded by my Lords Commissioners of the Admiralty to refer to your letter of the 28th October concerning the question of the removal of the British naval depot at Henjam.

In view of the impracticability of withdrawal from Henjam at short notice and the difficulties connected with the establishment of an alternative base, my Lords have caused the accompanying memorandum on the general situation in the Persian Gulf from the naval point of view to be prepared, and they propose that, if the Secretary of State for Foreign Affairs concurs, the question should be considered in the first instance by the standing official sub-committee for questions concerning the Middle East.

A copy of this letter has been sent to the India Office, Treasury, Air Ministry, War Office and Colonial Office.

I am, &c.

ALEX FLINT.

Enclosure in No. 146.

Admiralty Memorandum on the Question of the Removal of the British Naval Depot at Henjam and the Practicability of an Alternative Base.

THE Foreign Office view, as stated in their letter of the 28th October, 1931, that it is now essential to begin the preparations for an alternative British naval depot elsewhere than at Henjam, and the difficulties and disadvantages connected with such a transfer, make it desirable to review the situation in the Persian Gulf from the naval point of view.

2. In the first instance, it is necessary to state that withdrawal from Henjam at very short notice is quite impracticable without a considerable reduction in the number of ships maintained in the Gulf in view of the practical difficulties of working from a base outside the Gulf, and the time that it will take to make available the only suitable alternative base, Bahrein.

3. The Admiralty do not, however, consider that the case for immediate preparations for withdrawal from Henjam has been fully established, and, in view of the great advantages of Henjam over any possible alternative base, they consider that it is desirable in any case to stay there as long as possible.

4. The Tehran despatch of the 22nd September, 1931, which forms the enclosure to Foreign Office letter of the 28th October, reports no new circumstances to support the view that withdrawal at short notice is inevitable. The main argument appears to be the great loss of prestige that would result if we waited for a definite demand from Persia that we should withdraw, or for the series of local pinpricks, alleged to be inevitable, that would make our position there intolerable and force us to withdraw. The Admiralty consider that withdrawal under any conditions must involve a loss of prestige, and that there would be no substantial difference if we now withdraw without pressure from

Persia, as it would be quite clear that we were going as a result of the Persian attitude to our prolonged attempts to get a satisfactory lease.

5. As this country has always recognised Persian sovereignty over the Island of Henjam, the Admiralty do not consider that the loss of prestige in removing as the result of a demand from Persia would be so serious as is suggested, provided, of course, that we do not agree to withdraw at very short notice and before an alternative base is available.

6. The Admiralty do not understand why it is suggested that Persia may force us to leave at very short notice. Persia has no force capable of compelling us to do so, and it is unlikely that she would make any such attempt. If she does, there would be no difficulty in meeting it, but there is little doubt that she would only attempt to get us out by diplomatic methods, accompanied by pinpricks. The diplomatic methods must take a considerable time, and the pinpricks can probably all be effectively handled by the senior naval officer, particularly if we have decided to move and are no longer anxious to keep on good terms with the local authorities in order to avoid prejudicing negotiations in progress. As Persia has acquiesced in our position at Henjam for a considerable number of years, and has been negotiating a lease with us for about two years, we would have good grounds for objecting to a demand for us to go at very short notice. We can well say they had accepted the principle of a lease and it was only a question of its terms. We would therefore probably be able to insist on the necessary period to make fresh arrangements at any time that Persia definitely gives us notice to move. Moreover, a temporary arrangement for the joint use of Henjam should be practicable if Persia were anxious to get early use of the base for her own ships, as our representative at Tehran anticipates.

7. In view of the great advantages of Henjam from strategic and climatic points of view, the Admiralty are very reluctant to acquiesce in any withdrawal. Moreover, they consider that, if we withdraw, there may be a danger of Persia leasing it at a later date to some other European Power, possibly Italy, who will shortly obtain a special position *vis-à-vis* Persia through her officers being in command of the new Persian war vessels. Our representative at Tehran apparently still considers it just possible that the present Persian Government may yet be reasonable and grant us a suitable lease. Even if we cannot get a suitable lease from this Government, the Admiralty think that we may be able to carry on more or less as at present until a change of Government takes place.

8. The advantages of Henjam and the cost of a suitable alternative base, which is dealt with in paragraphs 25-28, would, in the opinion of the Admiralty, justify some much more substantial financial inducements being offered to Persia than have so far been contemplated. The maximum so far suggested is a rent of £2,000 per annum. There are grounds for considering that the offer of a substantial lump sum in return for a suitable long-term lease, with provision for renewal, would be justified.

9. In this connexion, the Admiralty would draw attention to the possibility of Imperial Airways using Henjam as a night stopping-place for their service to India in lieu of some place on the Trucial Coast, which, in the opinion of the Admiralty, involves serious risk of extensive commitments, as has already been pointed out in paper No. M.E. (M) 8, and in any case will necessitate considerable expenditure that would be avoided by the use of Henjam.

10. Henjam would also appear to offer the most advantageous base for Royal Air Force flying boats operating in the southern end of the Gulf.

11. The Admiralty see no strong objections to staying at Henjam as long as possible in the hope of ultimately obtaining a suitable lease. There would be no necessity to let Persia blackmail us, as really objectionable conditions need not be accepted. An alternative base can be made whenever we are prepared to incur the expenditure of the substantial sum involved, and it is to be hoped that later we shall be better able to afford this.

12. The Admiralty do not concur in the suggestion that the preparation of an alternative base should be proceeded with, in order to facilitate the negotiations of a lease of Henjam. Such a course is considered objectionable from a financial point of view, and there would also appear to be political objections to making the necessary arrangements with the Sheikh of Bahrein and starting the work if it were not quite definite that they were to be proceeded with.

13. The Admiralty do not agree that it is practically certain that Persia will want us to clear out of Henjam because she will want it for her own navy. It is thought quite likely that the Persian navy will make its headquarters at some much more civilised spot, and possibly put to sea less and less frequently. It has already been reported that it will be based on Bushire and have barracks on shore there. Even if they want to use Henjam occasionally, they might like us to maintain a depot there they can use, and we might then arrange some agreement on the lines of the Weihaiwei agreement with China.

14. In order to appreciate the importance of a satisfactory base in the Gulf, it is necessary to consider why we maintain a squadron there.

15. British interests in the Persian Gulf date from the year 1616, and political control has been exercised consistently from about the year 1763, when the Bushire Residency was established. Throughout this period the need for the maintenance of naval forces in the Persian Gulf in peace to support the Political Resident has been demonstrated.

16. Hitherto no foreign Power has maintained a naval force in the waters of the Persian Gulf. Comparatively minor British naval forces have, therefore, in normal times been sufficient to afford the necessary support to the Political Resident. This state of affairs is, however, now drawing to a close. The Persian Government has purchased, and will in the near future establish in the Persian Gulf, a small squadron of naval vessels. It seems probable, and this opinion is shared by the British Minister at Tehran (*vide* Tehran letter No. 386 of the 23rd July, 1931), that the arrival of this force in the Gulf will give rise to serious additional difficulties. From the political point of view, therefore, the need for maintaining a British force in Persian Gulf waters is likely to be considerably increased in the near future. An additional factor increasing the importance of maintaining our naval position in the Gulf is the development of the air route to India.

17. The duties falling in time of peace upon the navy in the Gulf may be summarised as follows:—

- (1) To maintain our position in the Gulf generally, and prevent any foreign country from having any convincing reason for attempting to obtain a footing in the Gulf.
- (2) To uphold our special position *vis-à-vis* the shiekhs of Koweit, Muscat, Bahrein and of the Trucial coast.
- (3) To collect news and intelligence.
- (4) To co-operate with the Royal Air Force.
- (5) To suppress piracy.
- (6) To suppress the slave traffic.
- (7) To suppress illicit arms traffic.
- (8) To check tribal hostilities at sea.
- (9) To convey and support our political officers, as is so frequently necessary on the Arab coast.
- (10) To safeguard British trade in the Gulf.
- (11) To safeguard British oil interests.
- (12) To preserve order on the pearl banks during the pearling season in the summer.
- (13) To visit the Shatt-al-Arab to maintain order amongst the large number of dhows there during the date-loading season.

18. In war, in addition to the above, control of the Persian oil export and assistance in maintaining the strategic air route to India would be important responsibilities falling upon the navy.

19. Experience has shown that the performance of these duties necessitates the maintenance continuously in Persian Gulf waters of a minimum force of three vessels; indeed, the Indian Government's contribution of £100,000 per annum is made on the distinct understanding that there will always be three ships operating in the vicinity of the Gulf.

20. Maintenance in any particular area of a given force of warships is dependent upon the total number of vessels available and upon the relative situation of the base from which those ships operate. The nearer the base to the area of operations, the less will be the time wasted by vessels in visiting the base for the purpose of replenishing fuel and stores and for the recuperation of the

ships' companies, and the less, therefore, will be the total number of vessels needed. In the past, an adequate operational base for the vessels of the Persian Gulf Squadron has been available at Henjam, and it has therefore only been necessary for the vessels of this squadron to quit their area of operations for the purpose of docking and repairs, which could only be carried out at Bombay and Colombo. In these circumstances a force of four ships has proved adequate for the maintenance within the area of operations of the minimum of three vessels.

21. It is clear that the evacuation of Henjam would necessitate either the provision of an alternative base elsewhere in the Gulf or the utilisation of an existing base outside the area of operations of the Persian Gulf Squadron. The nearest bases outside the Gulf which are suitable or could be made suitable are Bombay and Karachi. Bombay is approximately 1,100 miles and Karachi about 600 miles from the Strait of Ormuz. Using Karachi, the nearer of these two, would entail the ships of the Persian Gulf squadron operating from a base some two days' steaming from their area of operations.

22. Past experience has shown that, in view of the extremely trying climate of the Gulf and the lack of recreational facilities for the crews of the ships employed therein, it has been desirable that ships should spend approximately seventy days per annum at Henjam where the necessary recreational facilities for the men have been provided. In view of the additional steaming entailed by operating from a base so far removed from their area of operations, it is probable that the maintenance of health would render it desirable that ships should spend a longer, rather than a less, period at Karachi, if the health of the crews is to be maintained. Assuming, however, that the period required will only be that found necessary in the past while using Henjam, then each ship of the Persian Gulf squadron would require to be absent from its area of operations for some ten weeks in each year. To this must be added the three months per annum at present spent refitting and docking at Colombo and Bombay respectively. Each ship would, therefore, be absent from the Persian Gulf proper for approximately twenty-two weeks in each year.

23. It is clear, therefore, that the substitution of Karachi for Henjam as the operational base for the vessels of the Persian Gulf squadron would necessitate the employment of at least one, and probably two, additional vessels in order to maintain two vessels in the operational area. The cost of this addition would, of course, be very considerable, and to it must be added the cost of the additional fuel expended in visiting the new operational base for the purpose of replenishing fuel and stores.

24. Apart from the extra cost, there is the additional disadvantage that a considerable loss of efficiency would result from the fact that vessels recuperating at the base would be far removed from the area of operations. This consideration is very important as regards the Trucial Coast, the area in which serious incidents are likely to arise suddenly and require reinforcements.

25. If it were decided to move to Bahrein and to proceed at once with the works proposed by the Senior Naval Officer, Persian Gulf, the Admiralty estimate that the time required to complete them would be at least fifteen months, and the cost at least £35,000 to £40,000. These figures include the cost of land. They are, of course, provisional and are based largely on local estimates, which may be found to be low. It must also be remembered that, as the construction and use of the base proceeds, further requirements beyond those at present asked for may be found to be necessary. The estimate for the cost assumes that the work will be done by the Admiralty and that a special supervising staff is sent out for the purpose. If the cost falls on navy votes, the item will be a Part 1 service requiring Treasury sanction and will entail special financial provision under Vote 10 in this year and to complete in 1932.

26. If the work, however, is to proceed as a normal charge to navy votes for which no additional and special financial provision can be made, it is most improbable that it will be possible to find room for it in the estimates for 1932, in view of the limited funds available and the heavy demands already made upon them. If it can be included at all, it is certain that no more than a small sum could be provided, with the result that the work could not be started till late in the summer of 1932. It is more probable that it would have to be deferred altogether and considered next year for commencement in 1933.

27. The Admiralty point out, however, that they have no Civil Engineering Staff in the Persian Gulf, and they understand that any new works or repairs

required there are carried out by the Public Works Department of the Government of India as a charge to Indian votes. It is therefore for consideration whether any work found necessary at Bahrein should not be carried out by, and as a charge to, the Government of India, who would, in that case no doubt, desire to prepare their own estimates.

28. Somewhat similar considerations apply at Henjam. If any lump sum payment is to be made for a long-term concession at Henjam, how far will the cost fall on India and the United Kingdom respectively? It will be recalled that it was provisionally agreed that the rent of Henjam should be shared equally between India and the United Kingdom. As regards the United Kingdom share, it will be necessary to decide on which votes it will fall. Presumably on the Service Departments, and, in that case, it is for consideration how far Air Force votes should contribute. Any considerable addition to Navy Vote 10 will require special financial provision over and above the amounts on which navy estimates for 1932 are at present being framed.

29. The conclusion is that the Admiralty are firmly opposed to any withdrawal from Henjam because of its great advantages as a naval base over any other place in the Gulf, of the fact that the navy has now used it for twenty years with the tacit acquiescence of Persia, of the very bad effect on British prestige that will result from withdrawal, and of the substantial expenditure necessary to make Bahrein, the only practicable alternative, suitable.

30. The following appear to be the main questions that require a decision:—

- (1) Is the special British position in the Gulf, and particularly our position *vis-à-vis* the Arab rulers now in treaty relations with us, to be maintained?
- (2) Is there any real need to consider having to withdraw from Henjam either at short notice or at all?
- (3) Could we not insist on remaining there, after Persia has given us formal notice to withdraw, for the period (at least fifteen months) necessary to establish an alternative base?
- (4) Naval opinion is unanimous that Henjam offers advantages incomparably greater than those of any other base. Do these advantages justify the offer to Persia of a much higher rent and possibly a lump sum in addition? To what figure are the sub-committee prepared to recommend the Government to go?
- (5) What share would India accept of an increased rent or lump sum payment for Henjam?
- (6) Can the expenditure of a sum of the order of £35,000 to £40,000 to make Bahrein suitable be accepted, now if the answers to (2) and (4) are in the affirmative, or when it becomes clear that withdrawal from Henjam is necessary?
- (7) Would India undertake the work and defray the expenditure required at Bahrein and the cost of maintenance?
- (8) Is the transfer to Bahrein so urgent that the work there must be done at once and a special grant made by Treasury (or India), or can it wait and take its turn with other important new works? If India does not defray the cost, will any part fall on Air Force votes?

Admiralty, December 1931.

[E 6164/2821/34]

No. 147.

Sir R. Graham to Sir John Simon.—(Received December 14.)

(No. 916.)

Sir,

Rome, December 10, 1931.

WITH reference to your despatch No. 1291 of the 5th November, I have the honour to report that I took advantage of my first interview with Signor Grandi on his return from America to raise the question of the difficulties which might occur when the new Persian warships with their Italian officers reach the Persian Gulf.

2. Signor Grandi listened attentively to the outline of the position which I gave him, and said at once that there would be no difficulty in meeting the wishes of His Majesty's Government. I said that it was desirable that the Persian Government should not get wind of these informal representations, and he told me that I could rely upon him to arrange that there should be no leakage on the part of the Italian officers.

3. In order that Signor Grandi should have the facts at his disposal, I left with him at his request a confidential memorandum, of which I enclose a copy, based on your despatch.

I have, &c.

R. GRAHAM.

Enclosure in No. 147.

(Confidential.)

Memorandum on Certain Aspects of the Situation in the Persian Gulf as between His Majesty's Government in the United Kingdom, the Government of India, and the Persian Government.

HIS Majesty's Government in the United Kingdom and the Government of India are in treaty relations with the rulers of the territories along the Arabian littoral of the Persian Gulf, namely, the Sheikhs of Koweit, Bahrein, and El Katr, the Sultan of Muscat, and the Sheikhs of the Trucial Coast—i.e., the Ras-al-Khaima, Umm-al-Qaiwain, Ajman, Shargah, Dabai, and Abu Dhabi. His Majesty's Government are under obligations to these rulers to conduct their relations with all foreign Governments, and consequently any Persian aggression against the territories or islands of these rulers, any objectionable activities by Persian warships in their ports and territorial waters, or any unjustifiable interference with their vessels upon the high seas could not be a matter of indifference to His Majesty's Government in the United Kingdom.

The Persian Government do not at present recognise these Arabian rulers and have no diplomatic relations with them, although His Majesty's Government in the United Kingdom have endeavoured to secure their recognition by Persia as part of a general treaty settlement. The visit of a Persian warship to an Arab port would therefore, in present circumstances, scarcely be in accordance with ordinary international usage.

The Persian Government have, further, advanced claims to sovereignty over certain Arabian islands in the Persian Gulf, including an antiquated claim to the Islands of Bahrein, which lie off the Arabian shore of the Gulf, and from which Persian troops were driven out in the year 1783 by the native Arab inhabitants. His Majesty's Government in the United Kingdom consider the Persian claim to the Islands of Bahrein to be entirely without foundation. For practically 150 years these islands have been ruled by independent sheikhs of the same ruling family, with whom, as independent rulers, His Majesty's Government in the United Kingdom and the Government of India have been in treaty relations for over a century. Similarly, the Persian Government have raised vague claims to the small but important Islands of Tamb and Abu Musa, both of which have been the property of rulers of the Trucial Coast for approximately 200 years. His Majesty's Government in the United Kingdom regard these claims also as completely without foundation.

Finally, His Majesty's ships in the Persian Gulf have, for very many years, made use of a depot on the Island of Henjam, and of Basidu on the Island of Kishm, for refuelling purposes, and for the recreation of their crews. His Majesty's Government in the United Kingdom have offered, as part of a general treaty settlement with Persia, to renounce their rights at Basidu, and to regularise by a lease the position at Henjam. Negotiations for a general settlement are already advanced, and, pending a final solution of these questions, the Persian Government have undertaken to observe the *status quo*.

Rome, December 9, 1931.

[6751]

[E 6158/439/34]

No. 148.

Mr. Hoare to Sir John Simon.—(Received December 14.)

(No. 262.)

(Telegraphic.) R.

Tehran, December 13, 1931.

YOUR telegram No. 181.

The Minister for Foreign Affairs sent for me this morning to say that, having received a telegram from Teymourache reporting his conversations and asking for instructions, he raised the question at Council of Ministers, and will now inform Teymourache that he may negotiate prolongation of authorisation in return for suitable *quid pro quo*, the nature of which is left to his discretion. Comments will follow.

(Repeated to Government of India, No. 162, and Bushire, No. 4, Saving.)

[E 6314/2821/34]

No. 149.

Mr. Hoare to Sir John Simon.—(Received December 21.)

(No. 686.)

Sir,

Tehran, December 2, 1931.

I HAVE the honour to acknowledge the receipt of your despatch No. 675 of the 17th November on the subject of the effect which may be produced on Anglo-Persian relations by the arrival of Persian naval units with an Italian Naval Mission on board.

2. In so far as time has allowed me to acquaint myself with the issues, I think I may state with some degree of confidence that all possible complications have been brought under consideration, and I need not recapitulate in detail.

3. Viewing the problem as a whole and expressing myself with the crudity which may be permitted to a newcomer, I will, for the purposes of this despatch, state the case as follows:—

"We are rather afraid that the Persians will use their fleet to 'rag' us, and we are not at all confident that, if they do, we can effectively defend ourselves. Holding this view of the situation, we are reluctant to give the Persians a 'warning,' because we are not sure what to do next if they disregard it. In mild despair we are hoping that the presence of the Italian Naval Mission may perhaps save the situation."

4. This statement of the position may not be fully accurate, but for the purposes of what I have to say it is a sufficient approximation.

5. I will venture to continue in the same crude strain while discussing from what I conceive would be the Persian point of view the communication which has been made to the Italian Government. It is hardly possible that in some garbled shape or form the Persians will not learn about it, and they would be inhumanly fair-minded if they did not regard it as a flagrant attempt to bring improper influence to bear on the newly-engaged servants of the Persian Government. They would also regard it as a confession of weakness, arguing that we were attempting to attain our purpose by an underhand intrigue because we did not dare speak openly to the Persian Government, and their conclusion would be that our case in the matter of Bahrein, Tamb and so on must, indeed, be a weak one.

6. The weaker the Persians think our case the more likely they are to provoke one of the many possible incidents which have been anxiously discussed in previous correspondence.

7. But even if no actual incident occurs, I feel strongly that the communication made to the Italian Government will really savour of intrigue, as I have described it, from the Persian point of view, and, therefore, be somewhat unfair to the members of the Italian mission, unless we make some similar communication to the Persian Government.

8. Before indicating the manner in which I believe the matter should be approached, I venture, as not entirely irrelevant to the discussion, to make a brief confession of faith on the subject of the general conduct of relations with partially civilised, but newly and terribly independent, oriental Governments. The first essential is the avoidance of anything remotely akin to an attempt to meet them on their own slippery ground, and the second—a formidable counsel

of perfection—is an unruffled temper reinforced by a bland but unyielding persistence.

9. Holding these views, it is natural that I should in a great measure endorse the recommendations formulated in Mr. Dodd's despatch No. 386 of the 23rd July, but endeavour to eliminate the element of threat which it perhaps contained. On this point I entirely share the views expressed in Foreign Office letter of the 9th September to the India Office.

10. My concrete suggestions are, therefore, to initiate conversations with Teymourache, if he is still in London, on the following lines, instructing me to hold similar language to Feroughi:—

"The arrival of your naval units in the Gulf seems likely—for better or worse—to open a new chapter in our relations. It will obviously be easy for you, much easier than in the past, to bring to an issue the questions which we failed to solve during the suspended negotiations. We do not believe, in spite of a good deal of evidence, that you do not wish our relations to be fundamentally friendly; and, therefore, we do not anticipate that you will wish to force a crisis, *e.g.*, by seizing Tamb as you seized Sirri in 1887. But unless we reach some agreement, the non-existence of relations between you and the Arab rulers on the other coast of the Gulf, and your claim to the sovereignty of Bahrein, not to mention the prevention of the slave and arms traffic, are probable sources of trouble. To our mind there are two alternatives open to us, the first and most obvious being to resume and conclude the negotiations for a general treaty, and the second to redefine, in the light of the new factor, the *status quo*. So far as we are concerned, we rather doubt whether the time is ripe for further negotiations. Our last attempt was one of many recent instances of the truth that abortive negotiations for a treaty of friendship should, like a severe illness, be followed by a period of rest; but we are in your hands, and shall not refuse to negotiate if you wish it, but do not say it is our fault if the only result is once again a loss of temper.

"With regard to the redefinition of the *status quo*, we presume that you will wish your ships to pay occasional visits to the ports on the other side of the Gulf. This at once raises the issue of international practice. Were Persian vessels without some previous agreement to visit any of the ports or islands under the effective sovereignty of any of the rulers enumerated in article 1 of our original draft treaty, such a visit would be liable to be regarded either as an act of recognition or as an act of aggression, neither of which would, presumably, be in harmony with your intentions. These are the major issues, but there are other possibilities of friction, which were better discussed before rather than after the event.

"If you wish it we will prepare for discussion between the Persian Government and the Legation at Tehran a comprehensive memoranda, the intention of which will be to forestall the risk of trouble without imposing on either party any obligation to surrender any of its pretensions."

11. Teymourache would be fairly and effectively warned, and our case, if eventually we were forced into arbitration, would be proportionately strengthened.

12. Six weeks only have elapsed since I arrived, and it is not a long time in which to judge of the intentions of a Government, especially in the absence of its Mussolini; but, for what it is worth, I may as well state that the Government has had four or five chances of saying an unfriendly "no," and each time it has uttered a surprisingly prompt "yes." Further, I am still puzzling, as Sir R. Clive was puzzled at the time, over the absurd change between the language of Teymourache's letter to him of the 10th May, 1928 (see Sir R. Clive's despatch No. 245 of the 19th May, 1928) and his subsequent lack of manners, as emphatically illustrated by his letter enclosed in Sir R. Clive's despatch No. 361 of the 8th July, 1931. At present I incline to the belief that he was roughly pulled up by the Soviet Government, and preferred to kill the negotiations by a display of arrogant nationalism rather than admit the humiliating truth. This, of course, is pure speculation, and my point is simply that I am not yet satisfied that the Persian Government—let us say the Shah and Teymourache—are definitely hostile. If the Shah is, why, when I presented my credentials, did he stage the little scene of goodwill reported in my despatch No. 617 of the 3rd November, 1931?

13. There is the important side issue of Henjam. My strong instinct is to share Sir R. Clive's view that the Persian Government will never bluntly request us to leave; if we are right, there remain the pinpricks. I am not very clear on this point, but I imagine that we shall always be able to limit the depth of their penetration by saying to the Persians: "If you wish us to evacuate, kindly send us a note to that effect." Personally, I should be strongly disposed to beg the officers of His Majesty's ships in the Gulf to maintain, as they have hitherto done, the mentality of those fakirs who take their ease on a bed of nails, at any rate until the status of Bahrein has been definitely settled in our favour by one means or another. If we moved to Bahrein before a settlement, we should so obviously, in the event of arbitration, which, I observe, is now regarded as an ultimate possibility, have prejudiced our case that I will not elaborate the point; furthermore, it would be a poor acknowledgment of the hospitality we have enjoyed for so many years to slip away from Henjam like a defaulting tenant. An arbitration to-day would presumably go in "our" favour on the principle of self-determination, but after Bahrein had been transformed into, say, the Gibraltar of the Near East, the matter would be more doubtful, and bearing the steamship "Lotus" case of about five years ago in mind, when, if I remember right, four judges from land-locked countries outvoted representatives of Great Britain, the United States of America and Japan, I am slightly prejudiced against arbitrations between a great naval and a non-naval Power.

14. I am sending copies of this despatch to the Foreign Secretary to the Government of India and to the Hon. the Political Resident in the Persian Gulf at Bushire.

I have, &c.
R. H. HOARE.

[E 6315/326/34]

No. 150.

Mr. Hoare to Sir John Simon.—(Received December 21.)

(No. 687. Secret.)
Sir,

Tehran, December 2, 1931.

WITH reference to my despatch No. 666 of the 23rd ultimo, regarding the treatment of refugees from Soviet Russia in Persia, I have the honour to enclose herein an extract from Meshed Secret Intelligence Summary No. 21 for the period ending the 12th November, 1931, recording an invasion of Persian territory by regular troops of the Red army. A perusal of the record would convince critics of Persian behaviour towards refugees that the Persian Government could, if they were frank on the subject, adduce compelling reasons for complaisance to the behests of the Soviet Government in this matter.

2. I am sending a copy of this despatch to the Foreign Secretary to the Government of India.

I have, &c.
R. H. HOARE.

Enclosure in No. 150.

Extract from the Meshed Secret Intelligence Summary No. 21 for the Period ending November 12, 1931.

"2. *Lutfabad.*

"ANOTHER flagrant instance of Soviet invasion of Persian territory occurred on the 31st October and the 1st November at the village of Gaukhandan, 8 miles in Persian territory between Lutfabad and Mohammadabad.

"Considerable numbers of Turkoman refugees have been crossing into Persia on this part of the frontier. Twenty-five families which had come across some days before were quartered in the sarai of this village under Persian military guard, when suddenly on the 31st a party of about 200 regular soldiers of the Red army entered the village, killing many of the Turkomans and carrying off others into Soviet territory.

"An engagement took place between the Persian guard and the Russians, resulting in five Soviet and seven Persian soldiers being killed. During the raid the village of Kila Mir was also looted.

"It is established the Soviet troops came from Artik via Zarrin Kuh.

"At 8 A.M. the next morning the village was again raided by eighteen Turkomans of the G.P.U., and another two refugees were killed and two more taken off to the frontier, where they were shot.

"The Persian Government has protested to Moscow and a full enquiry has been ordered. This is being carried out by Sultan Bayuk Khan, commander of the troops at Lutfabad.

"There is little doubt that many Persian frontier officials, and even military officers, are in the payment of the G.P.U., and the raid had considerable assistance from the Persian side of the border."

[E 6316/151/34]

No. 151.

Mr. Hoare to Sir John Simon.—(Received December 21.)

(No. 688. Secret.)

HIS Majesty's representative presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of Intelligence Summary No. 24 for the period ending the 2nd December, compiled by the military attaché to this Legation.

Tehran, December 2, 1931.

Enclosure in No. 151.

Intelligence Summary No. 24 for the Period ending December 2, 1931.

(Secret.)

1. *General.*

HIS Majesty the Shah returned to Tehran from Mazandaran on the 24th November. He had intended to travel from Barfarush to Gilan via the coastal road, but, as heavy rain had made this route impossible, he returned from Barfarush.

2. *Persian Officials.*

The death is reported of M. Hovhannes Khan, Mussayed, a Persian Armenian who was greatly respected by his compatriots, and who, at various times, held the post of Persian Minister in Berlin, London (1927-29) and Tokyo.

3. *Foreign Interests.*

British Subjects.—Lieutenant-Colonel H. V. Biscoe on return from leave reassumed the duties of Political Resident in the Persian Gulf on the 28th October.

Captain L. A. G. Pinhey assumed charge of His Majesty's vice-consulate at Zahidan vice Mr. E. H. Gastrell on the 18th November.

Mr. E. Hutton, honorary vice-consul, reopened the vice-consulate at Sultanabad on return from leave in November.

U.S.S.R.—M. A. M. Petrovsky, Soviet Ambassador, left Tehran on the 24th November. He had been unwell for some time, and is proceeding on leave to Europe to undergo a cure.

M. V. M. Zuckermann, counsellor, will officiate as Chargé d'Affaires.

4. *Kermanshah.*

The disarming of Kurdish tribesmen in the Senneh Brigade area is being resolutely carried out. This brigade has recently been reorganised so as to be in a position to deal more efficiently with the tribal situation. Headquarters at

Senneh now consist of one infantry regiment of three battalions, one cavalry regiment of two battalions and four mountain guns. In addition, the two independent battalions of this brigade will be stationed at Dizli and Sardast. The tribal leader, Ja'far Sultan, who refuses to hand over his arms to the Government, is the chief object of the present operations. Two battalions of infantry and two or four guns were moved from Senneh, and these have been reinforced by seven companies of the Kermanshah regiment and an artillery detachment from Tehran, totalling some 2,200 all arms. Fighting has taken place in the vicinity of Rowansar. Further reinforcements are being despatched from Tehran to Senneh by commandeered motor transport. The Persian Government have made an official protest to the Iraq authorities accusing the latter of allowing Iraqi tribesmen actively to assist Ja'far Sultan.

5. Azerbaijan.

Serious trouble with the Kurds reoccurred in the Maku area during the first week of November. As the result of recent negotiations between the tribal leaders, Farzandeh, Haji Ismail Agha and Said Rasul, and the Persian Government, the former were allotted an area in the vicinity of Kara Eineh where they could settle themselves and their followers. The Persian Government appeared to have decided on a policy of reconciliation with their Kurdish tribesmen. Unfortunately, on the 5th November severe fighting took place between Persian troops and the Kurds mentioned above. It is reported that four Persian officers were killed and the troops received some 150 casualties. Farzandeh was wounded and captured. Since this incident that part of the frontier is very unsettled, and some 2,000 troops have been sent urgently by commandeered lorries as reinforcements to Tabriz. It is possible that the majority of these troops will remain in Western Azerbaijan as a nucleus for the new division which is being formed with headquarters at Urumiah.

6. Soviet Azerbaijan and the Caucasus.

Considerable trouble is being experienced by the Soviet authorities in these areas. A strong anti-Government movement appears to have developed in Western Georgia and in the North Caucasus, where workmen in large numbers are reported to have left the factories and mines. It is reported that guerilla fighting by rebel bands was on the increase during this autumn in Soviet Azerbaijan, Armenia and the Nakhchevan area, and that there were cases of discontent and disloyalty in the Red Army of the Caucasus.

7. Press.

The "Kouchiche," dated Tehran, the 24th November, publishes a strong tirade against the Imperial Bank of Persia. The bank has recently closed certain branch offices, with the result that some surplus staff have been discharged. The paper takes up the cudgels on behalf of these ex-employees, who they state have received grossly unfair treatment.

The "Shafaq-i-Surkh," two days later, refers to the above article, and takes the opportunity of pointing out, in an even more violent tone, that the Anglo-Persian Oil Company have recently dismissed a large number of employees without any consideration for their future. It is maintained that the Persian staff of the Anglo-Persian Oil Company are not treated as human beings, and that the resident manager's dog receives more consideration than any Persian employee.

The semi-official newspaper, the "Iran," on the 25th November contains an article accusing the Iraq Government of allowing their tribesmen to enter Persian territory and assist Persian tribal leaders, especially Ja'far Sultan, in the Senneh area, to resist the authority of the Central Government. It is stated that an official note was addressed to the Iraq Government, who replied that they knew nothing of the matter. The paper questions the suitability of a country so incapably administered as Iraq to enter the League of Nations.

P. C. R. DODD, Lieutenant-Colonel,
Military Attaché.

Tehran, December 2, 1931.

[E 6292/439/34]

No. 152.

Mr. Hoare to Sir John Simon.—(Received December 21.)

(Nos. 265 and 266.)

(Telegraphic.) P.

Tehran, December 20, 1931.

SOUTH PERSIAN air route.

Your telegram of the 19th December and my telegram of the 15th December. Minister for Foreign Affairs has now replied as follows to note indicated in your telegram No. 170:—

"Minister of Court has, in the course of negotiations with British Foreign Minister, pointed out that Persian Government do not consider southern route to their own advantage, and are desirous that air route should cross Persian plateau, unless, amongst other questions which are under discussion between the two Governments, some other advantages counter-balance this loss. Settlement of the present case therefore depends on the solution of other questions."

When the Minister for Foreign Affairs talked to me about this loss, I said that the absence of the advantage was a more correct description, and that Persian Government, judging from the failure to reach agreement with Junkers, apparently attached the minimum importance to internal air service.

(Secret.)

My general impression is that intentions of the Persian Government are friendly, and if only language of Minister for Foreign Affairs meant anything concrete I should believe Duzdap Railway would, after bargaining, be accepted as a *quid pro quo*. If this is not so, I suggest, pending arrival of my letter by last bag to Sir L. Oliphant enclosing correspondence with Imperial Airways and Airwork (Limited) regarding possibility of succeeding Junkers, Minister of Court be asked whether he has considered repercussion on international opinion of closing Gulf route, not only to us, but also to the French and Dutch (French have been officially notified that they may continue to use it up to the 31st March), and whether it would not be wise to give Imperial Airways, say, another year, by which time we should all have clearer idea of the future state of our relations (compare my despatch No. 686).

(Repeated to Government of India and Bushire.)

[E 6354/439/34]

No. 153.

Sir John Simon to Mr. Hoare (Tehran).

(Nos. 195 and 196.)

(Telegraphic.)

Foreign Office, December 23, 1931.

(R.) YOUR telegram No. 265 of 20th December: South Persian air route. Minister of Court leaves London to-day and expects to reach Tehran by middle of January.

He assured me to-day that he wished on his return to resume negotiations with you on all outstanding matters, including the air route, and that if settlement of other questions were not reached in time he would try to arrange provisional extension of Imperial Airways' permit, as circumstances might require.

I again mentioned that alternative air routes outside Persian territory were under consideration, but that we hoped for extension of present route in interests of both countries. (End of R.)

(Secret.)

Minister appeared better disposed than on 13th November. No allusion was made to Duzdap Railway.

(Repeated to India.)

[6751]

[E 6354/439/34]

No. 154.

Sir John Simon to Mr. Hoare (Tehran).

(No. 761.)

Sir,

Foreign Office, December 23, 1931.

TEYMOURTACHE, the Persian Minister of Court, called at the Foreign Office to-day to take leave of me. He is crossing to Paris this afternoon, and told me that he expected to reach Tehran by the middle of January. He showed himself in a decidedly more accommodating humour than when I saw him on the 13th November.

2. He gave me his personal assurance that, as soon as he reached Tehran, he would do his utmost to resume negotiations with you on all outstanding matters, including the question of the air route, and that if it were not possible to settle other questions in time, he would try to secure that there should be a provisional extension of the permit for the air route as circumstances might require. I asked him if he had any particular extension in mind, and he replied that he had not, but that this would depend on the situation. I reminded him that, in my letter of the 4th instant, I had indicated that alternative air routes outside Persian territory were under consideration, and I impressed on him that this was the fact, but that we hoped, in the interests of Persia as well as ourselves, that there would be an extension of the permission to Imperial Airways to use the present route.

3. Teymourtache said he wished to assure me that he was leaving London impressed with the reality of our friendly feelings towards Persia and hoped that I would discount anything I might hear as to Persian insinuations to the contrary.

4. I found it unnecessary to make any allusion to the Duzdab Railway as his Highness made no mention of it himself.

I am, &c.

JOHN SIMON.

[E 6378/5614/34]

No. 155.

Mr. Morgan to Sir John Simon.—(Received December 28.)

(No. 436.)

Sir,

Angora, December 23, 1931.

WITH reference to my despatch No. 407 of the 2nd December regarding the Turco-Persian frontier settlement, I have the honour to report that the Minister for Foreign Affairs sent for me this evening to inform me that, at the request of the Persian Government, conveyed to him two days ago by the Persian Ambassador, he intended leaving for Tehran as soon as the negotiations with Nuri Pasha, Prime Minister of Iraq, were terminated, in order to sign agreements regarding the Turco-Persian frontier. He anticipated that he would be able to leave Angora about the end of December, and that he would travel via Batum or Bagdad.

2. He had responded with alacrity to the Persian Government's invitation because he had ascertained from the Turkish Chargé d'Affaires in Tehran that the time was propitious, and he told me that while in Tehran he would review the whole range of Turco-Persian relations, and added that I could be sure that the results of his visit would be beneficial to His Majesty's Government.

3. I am sending a copy of this despatch to His Majesty's Minister at Tehran.

I have, &c.

JAMES MORGAN

[E 6179/3720/34]

No. 156.

Sir John Simon to Mr. Hoare (Tehran).

(No. 766.)

Sir,

Foreign Office, December 28, 1931.

WITH reference to my predecessor's despatch No. 596 of the 15th October, enclosing a copy of a note, dated the 9th April, 1929, from the Turkish Minister for Foreign Affairs to the Persian Ambassador at Angora, giving the terms of the frontier agreement of that date between the Turkish and Persian Governments, I transmit to you the accompanying copy of the Turco-Persian Convention, concluded on the same date, for the establishment of order and security in the frontier regions.

2. The text of the convention has been communicated to His Majesty's Embassy in Turkey by the Turkish Ministry for Foreign Affairs, who state that neither of the two supplementary protocols referred to in articles 4 and 7 of the convention has been concluded, and that the date mentioned in article 5 is correctly given as the 23rd April, 1336 (i.e., 1920), and is not an error for 1926, the date of the Turco-Persian Treaty of Friendship, as might not unreasonably be supposed.

I am, &c.

JOHN SIMON.

Enclosure in No. 156.

Turco-Persian Convention for the Establishment of Order and Security in the Frontier Regions.

LA Turquie d'une part et la Perse de l'autre, conscientes de la nécessité de voir l'ordre et la sécurité assurés d'une façon stable dans les régions frontières et particulièrement de mettre fin aux actes de banditisme et de pillage qui sont continuellement commis dans la zone d'Agri-Dagh;

Ayant constaté par suite de multiples incidents que dans cette dernière région la population et les postes de frontière sont exposés à des agressions continues; et résolues à mettre définitivement fin à cet état de choses qui n'est nullement en harmonie avec la politique respective des deux États voisins et amis, et à empêcher que la frontière ne devienne une base d'opérations pour les nomades de la susdite zone;

Ont, conformément à l'article 6 du Traité de Neutralité et d'Amitié du 22 avril 1926, décidé de pourvoir aux moyens de résoudre d'un commun accord toutes les questions et incidents de frontière pouvant arriver à surgir entre elles, et, dans ce but, désigné leurs plénipotentiaires, savoir:

Le Président de la République turque: Son Excellence Tewfik Rouchdy Bey, Ministre des Affaires étrangères, Député de Smyrne;

Sa Majesté impériale le Schah de Perse: Son Altesse Mirza Mohammed Ali Khan Foroughi, son Ambassadeur en Turquie.

ARTICLE 1^{er}.

Les deux parties contractantes s'engagent réciproquement à empêcher par tous les moyens en leur pouvoir les préparatifs faits des deux parts de la frontière en vue de se livrer à des actes de pillage et de banditisme dans la zone frontière par un ou plusieurs individus et par des tribus et à s'opposer à ce que ceux-ci franchissent la frontière.

ARTICLE 2.

Les autorités frontières des États turc et persan, ainsi que leurs fonctionnaires civils des zones avoisinantes, sont tenus de s'aviser réciproquement et sans perte de temps de tous préparatifs parvenus à leur connaissance et faits par un ou plusieurs individus ou par une tribu, en vue de se livrer à des actes de pillage et de banditisme dans la zone frontière. Ces mêmes fonctionnaires sont

tenus de même de s'aviser réciproquement de tous actes de banditisme et de brigandage effectués dans leurs circonscriptions administratives. Les fonctionnaires de la partie avisée s'emploieront par tous les moyens en leur possession à empêcher les fauteurs du crime de franchir la frontière.

ARTICLE 3.

En cas où un ou plusieurs ressortissants d'une des parties contractantes, après avoir commis un crime ou un délit sur le territoire de leur pays, réussiraient à franchir la frontière, les autorités de la zone frontière où ils se seraient réfugiés, ayant pris connaissance du fait, sont tenues de les faire arrêter avec leurs armes et butins. En vertu d'un mandat régulier émanant de l'autorité judiciaire compétente, transmis par voie diplomatique, les inculpés doivent être remis conformément aux dispositions légales de chaque pays concernant l'extradition.

ARTICLE 4.

Au cas où un ou plusieurs individus résidant sur le territoire de l'une des deux parties contractantes réussiraient à se rendre sur le territoire de l'autre, à y commettre des crimes et des actes de banditisme et à repasser la frontière, les autorités du Gouvernement dont ils ressortissent prendront toutes les mesures nécessaires pour réprimer et punir les coupables et restituer les butins.

Un protocole additionnel fixera en détail la procédure à employer pour l'exécution de cet article.

ARTICLE 5.

Les deux parties s'engagent à désigner les tribus kurdes qui avaient quitté les territoires respectifs avant la signature de la présente convention à partir du 23 avril 1936 et qui se trouvent actuellement dans la zone frontière et à les transporter en dehors de ces zones en vue d'empêcher leurs incursions dans le territoire d'où elles se sont enfuies.

Une liste des individus poursuivant des buts politiques, et dont la présence dans la zone frontière devrait être empêchée par suite de la suspicion qu'ils inspirent à l'une ou à l'autre des deux parties, sera présentée dans l'espace de six mois à dater de la signature de cette convention.

ARTICLE 6.

Les deux parties contractantes nommeront des délégués permanents en nombre égal et ces délégués seront chargés de faciliter l'application des dispositions de la présente convention, d'assurer d'une façon générale les relations de bon voisinage sur la frontière, de résoudre à l'amiable toutes questions de frontière surgies entre les autorités de frontière et n'ayant pu aboutir à une entente.

Les délégués permanents se réuniront alternativement sur les territoires turcs et persans au moins deux fois par an.

ARTICLE 7.

Les deux parties contractantes s'engagent à prendre en collaboration étroite toutes les mesures nécessaires en vue d'empêcher les agressions continuelles des tribus dans la zone d'Agri-Dagh et pour réprimer radicalement les agresseurs.

Les modalités de la collaboration ainsi que les mesures appropriées seront indiquées dans un protocole annexé à cette convention.

ARTICLE 8.

Au cas où un différend surgirait entre les autorités respectives de la zone frontière à propos d'un incident de banditisme ou de pillage de quelque nature qu'ils soient, les autorités supérieures de la frontière entreront immédiatement en pourparlers afin de résoudre le différend existant.

Au cas où la question ne pourra être tranchée, elles dresseront un procès-verbal sur l'objet du différend, en précisant séparément leurs points de vue, et l'adresseront, par l'intermédiaire des autorités supérieures responsables,

aux Ministères des Affaires étrangères des deux Etats respectifs. Au besoin et dans le but de résoudre la question, une enquête commune sera menée par les deux Gouvernements et les responsables reconnus seront punis par les autorités intéressées.

ARTICLE 9.

Les deux Gouvernements se communiqueront par un échange de notes quelles seront les autorités qui seront respectivement chargées de l'application de la présente convention, soit pour la coordination générale des efforts et la responsabilité des mesures à adopter, soit pour la communication et l'échange des renseignements locaux.

ARTICLE 10.

Les autorités supérieures de la frontière mentionnées à l'article 9 pouvant entrer en correspondance directe avec l'Ambassadeur de l'Etat dont ils ressortissent, accrédité chez l'autre Etat, les autorités des parties contractantes accorderont toutes les facilités voulues en vue d'assurer et de hâter cette correspondance.

ARTICLE 11.

Les autorités civiles des deux côtés de la zone frontière pourront au besoin entrer réciproquement en relations, et les officiers de frontière respectifs, sur la demande et l'information réciproques, sont tenus de s'entraider mutuellement afin d'empêcher d'un commun accord le banditisme et le pillage.

ARTICLE 12.

Afin d'assurer au besoin la correspondance entre les autorités frontières, les parties contractantes pourvoiront le plus tôt possible aux moyens de correspondance qui leur seront indiqués par leurs états-majors respectifs.

ARTICLE 13.

Les dispositions de la présente convention s'appliqueront dans une zone de 50 kilom. de profondeur des deux côtés de la frontière.

La présente convention entre en vigueur dès sa signature et aura la durée de trois années. Si elle n'est pas dénoncée par l'une ou l'autre des hautes parties contractantes six mois avant l'expiration de ce terme, elle restera valable pour une nouvelle période d'un an et ainsi de suite.

Faite à Angora, en double exemplaire, le 9 avril 1929.